

## FINANCIAL TIMES

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## WORLD NEWS

## High-level US delegation for Moscow talks on economy

A high-level US delegation headed by Treasury Secretary Nicholas Brady and Federal Reserve chairman Alan Greenspan will travel to Moscow next week for intensive talks on a reform plan for the Soviet economy.

The emergence of a sovereign Russia under the leadership of a powerful president is underlined by the new Russian constitution. Page 22

**UK crime rate up again**  
An 18 per cent overall rise in Britain's crime rate in the 12 months to June has been disclosed by the latest Home Office statistics. One of the biggest jumps was in car crime, up by nearly a quarter.

**Poll tax backlash**  
Local councils in England and Wales could soon face a cash crisis after the disclosure that community charge collection rates are running well behind last year's and that poll tax debts have risen above £1.5bn. Page 22

**Ulster talks discussed**  
Prospects for re-opening talks on Northern Ireland's political future dominated a meeting of the Anglo-Irish conference in Belfast. Loyalist gunmen murdered a Roman Catholic man in the north of the city. Broke hopeful. Page 4

**Whites sentenced to die**  
The Durban supreme court sentenced two white South African extremists to death for murdering seven blacks in a machinegun attack on a crowded passenger bus.

**China suspends journalist**  
China ordered Andrew Higgins, Beijing correspondent of the British newspaper The Independent, to leave the country by tomorrow.

**UN hopes for hostages**  
UN Secretary-General Javier Perez de Cuellar, ending a visit to Iran, said he hoped for fresh results soon in his quest to win the freedom of hostages held in Lebanon. Page 2

**Presidential candidate**  
Douglas Wilder, governor of Virginia, who two years ago became the only black ever elected a US governor, announced that he will seek the 1992 Democratic presidential nomination. Page 2

**Afghanistan arms halt**  
Moscow removed another long-standing irritant in its relations with Washington by agreeing with the US to halt military supplies to Afghanistan by January. Page 2

**Police criticised**  
Chief Constable of Derbyshire John Newing said: "We can't go on this way." After a report that the state of his force "alarmed", Chief Inspector of Constabulary Geoffrey Dear suggested the force might not get its Certificate of Efficiency. Police resources, page 4; Solution sought, page 5

**Seven killed in car**  
Two women and five men died when the Fiat Panda into which they were crowded plunged into the Grand Canal on the western outskirts of Dublin.

**Lebanon shoot-out**  
A Swedish UN soldier and a Palestinian guerrilla were shot dead and five other peacekeepers wounded in a south Lebanon incident after guerrillas held 14 soldiers captive. The PLO denied involvement.

## BUSINESS SUMMARY

## Defence cuts claim 1,450 more UK jobs

GEC-MARCONI of the UK yesterday announced 1,450 redundancies at two Scottish-based subsidiaries, adding to the tally of British jobs lost in the worldwide defence spending downturn.

Cuts at the group's Yarrow shipyard had been expected, but the loss of 800 jobs at GEC Ferranti Defence Systems came as a surprise. Page 22

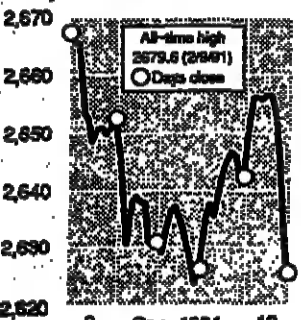
**SOUTH AFRICA:** International fund managers Baring Securities and Genesis Investment Management, worried about township violence, dropped plans to launch investment funds in South Africa. Page 2

**POLISH BANK:** Poland's parliament refused to confirm monetarist candidate Marek Dabrowski - President Lech Walesa's nominee - as president of the National Bank of Poland. Page 8

**UK STOCKS:** Failed to maintain confidence despite cuts in domestic inflation and the US discount rate. After a steep

## FT-SE 100 Index

Hourly movements



early rise, the FT-SE 100 index retreated amid a flurry of gloomy rumours to close 16.1 points lower at 2,625.8. Page 12

**BRITAIN:** Walker, beleaguered UK leisure group, has given conglomerate Ladbroke until midnight on Tuesday to agree to strict conditions for proceeding with its rescue plans. The ultimatum surprised the steering committee of Brent Walker's 47 banks. Page 8

**INTEL:** US chip-maker, set its shares falling with a warning that third-quarter earnings would be below Wall St analysts' expectations. Page 10

**RACAL TELECOM:** operator of the UK's Vodafone cellular telephone network, finally splits from Racal Electronics on Monday after a £3bn demerger. Page 8; Lex, Page 22

**MAN:** German engineering company, boosted profits by 22 per cent in the year to the end of June, helped by German unification. MAN said net profit would be at least DM400m (£136m) higher than last year's DM328m. Page 10

**SOCIETY Corporation and Ameritrust:** two big Cleveland-based banks, are merging in a \$1.2bn (£710m) deal to create the 24th biggest US bank, ranked by assets. Page 10

**BSN:** leading French food group, improved interim net profits by 14.4 per cent to FF1.72bn (£17.5m), not including a FF1.67bn exceptional gain from the sale of its Pommery and Lanson champagne brands. Page 10

**FILOFAX:** of the UK, which makes personal organisers, reduced interim losses by more than 70 per cent to £513,000. It is continuing a drive to revive its fortunes with lower-priced products. Page 8

## Markets look for a further cut in bank base rates

## Major claims victory in battle against inflation

By Rachel Johnson and Ralph Atkins

INFLATION is "licked", Mr John Major, the prime minister, said yesterday, as the government announced that the retail prices index rose by 4.7 per cent in August, its lowest annual rate for three years. Although the RPI was expected to fall from July's 5.5 per cent by a full percentage point, the government claimed victory in the battle against inflation and the markets scented another cut in bank base rates.

The Central Statistical Office said inflation's fall was largely because of cuts in mortgage rates, and the fall from the index of the petrol price increases which followed the outbreak of Gulf hostilities last August.

Mr Major claimed that the government's "cautious, prudent and sound" economic strategy was reaping rewards. "I think we can be confident now that we have got inflation licked in a way we have not seen for many years," he said in his Huntingdon constituency.

Mr Norman Lamont, the chancellor, said it was "excellent news" that the UK inflation rate was below the July average of the European Community of 5.3 per cent. "Over the next few months it is set to fall further to levels comparable with the best in Europe," he said.

The release of the RPI caps a week brimful of economic news. Higher retail sales, lower factory gate prices, a marked slowdown in average earnings growth and unemployment's rise have all sparked ministerial claims that the recession is ending.

The week has squeezed acknowledgement from the opposition parties that there will be some sort of recovery. As inflation has fallen during the year-long recession and the

With a record level of house repossession and mortgage arrears, the property market is expected to remain dead until the end of the year, dragging estate agents, mortgage lenders, insurers

and construction companies down with it.

The main cause for concern, it is argued, is the high level of loans which are more than 12 months in arrears.

Labour argues that when

growth resumes, the benefits will be illusory. Mr Neil Kinnock, party leader, yesterday said the economic squeeze "has brought a large and relentless rise in unemployment, and a fall in headline inflation which, because it relies on recession, will be neither reliable nor sustained."

Mr Alan Beith, the Liberal Democrat Treasury spokesman, said that the real inflation battle had yet to be won. He pointed out that the underlying inflation rate, which strips out mortgage interest payments, rose by an annual 6.2 per cent in August, after 5.8 per cent in July.

The prospect of a muted recovery is being taken seriously by Conservative Central Office. The option of an autumn poll has not been ruled out, however, with more tangible signs of recovery not expected to feed through properly until 1992, it continued this week to play down the prospects of a November election.

Details, Page 4  
Editorial comment, Page 6

## BCCI executives to be charged

By Richard Donkin in Abu Dhabi and Alan Friedman in Washington

CRIMINAL charges are expected to be brought within days by the Abu Dhabi government against some of the senior bankers in the Bank of Credit and Commerce International.

The decision by the emirate, BCCI's majority shareholder, to press charges emerged as eight more of the 22 remaining BCCI executives detained since last Sunday in the Abu Dhabi Police Officers' Club were released.

The move to charge BCCI top managers may effectively quash efforts by the US Justice Department and the office of Mr Robert Morgenthau, the

Manhattan district attorney, to have Mr Swaleh Naqvi, the former chief executive officer of BCCI, handed over to them.

The US offices made a joint approach to Abu Dhabi on Tuesday through diplomatic channels after hearing of the police action.

The charges are expected to emerge at a time when a team of consultants and accountants working for the Abu Dhabi government finalise an outline of fresh restructuring proposals for the bank.

The outline proposal would provide a working draft for a final plan to be announced in time for the December 2 deadline for restructuring proposals imposed by the High Court in London.

None of those released in the early hours of yesterday morning was said to have been closely questioned. All but one of those allowed to go free since the detentions took place are from the second tier of BCCI management or personal assistants to executives. The only senior executive among those held to be released to date is Mr Maszhar Abbas, head of personnel at BCCI.

In Washington, it emerged that the committee of central bank supervisors chaired by Mr Gerald Corrigan, president

of the Federal Reserve Bank of New York, is planning to tighten international bank regulation in the wake of the BCCI scandal.

Mr Corrigan, who came under sharp criticism yesterday for having moved too slowly on the BCCI affair, said during an appearance before the House of Representatives Banking Committee that BCCI was discussed last week by members of the Basic Supervisors Committee.

He hoped recommendations on how to tighten international bank supervision would be made by the committees December meeting.

The body of an Israeli soldier captured in Lebanon was flown home yesterday, opening the possibility of further hostage swaps. Meanwhile, relations between Israel and the US became more strained as Prime Minister Yitzhak Shamir rejected President Bush's move to delay \$10bn (\$5.9bn) of loan guarantees for Soviet Jewish immigration. The dispute threatens to become increasingly bitter. US move rejected, Page 22

## US Fed cuts discount rate to 5 per cent

By Michael Prowse in Washington

THE US Federal Reserve yesterday sought to bolster a flagging economic recovery by cutting the discount rate by half a point to 5 per cent, the lowest level since 1973.

The move, which had been expected in financial markets, was accompanied by a quarter point cut to 5 1/4 per cent in the federal funds rate - the rate at which banks borrow from each other and the benchmark for other short-term interest rates.

Big commercial banks, led by Morgan Guaranty, the New York bank, cut prime lending rates by half a point to 8 per cent, the lowest since 1987.

The reduction in prime rates, the fourth this year, should prompt a decline in the cost of

Continued on Page 22

## First Yugoslav talks have failed, says EC

By Laura Silber in Belgrade and Ronald van de Krol in The Hague

EUROPEAN Community monitors who have been attempting to impose a ceasefire in Yugoslavia said yesterday that their first mission in Croatia had failed.

The bleak assessment by EC officials coincided with a push by Serb paramilitary units to extend their area of control to the Adriatic sea, thus potentially denying Croatia easy access to its own coastline.

Croatian state radio reported that Serb units, supported by the Yugoslav federal army, were now in control of a third of the republic, and Mr Stipe Mesic, the Yugoslav president and a Croat, appealed to the United Nations to intervene.

Mr David Miller, a British diplomat who is part of the five-member EC observer team in Croatia, said: "We have not achieved our primary goal, which was to establish a lasting ceasefire in the region."

He said a new team of observers was due to arrive yesterday, confirming the EC's continuing desire to try to play a constructive role in the Yugoslav crisis.

In The Hague, the Dutch foreign minister said EC monitors should be sent to the central republic of Bosnia-Herzegovina in case growing tension between local Serbs, Croats and Muslims, led to violence.

He added that EC monitors had been sent to Croatia only after violence had begun in the public, making it difficult to get monitors in place to investigate ceasefire violations.

Lord Carrington, the chairman of The Hague peace conference on Yugoslavia, will travel to Belgrade, the federal and Serbian capital, on Monday to meet the country's leaders and the army.

Croatian radio said "Serbian terrorists" and weapons were being shipped in via the Adriatic from Montenegro, Serbia's close ally, to provide support to Serb rebels on the coast.

Continued on Page 22

## MARKETS

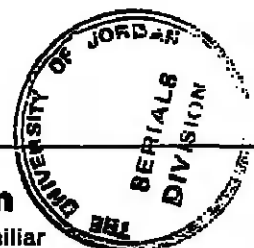
STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.735	New York lunchtime: DM1.68525	FT-SE 100: 2,625.8 (-16.1)
London: \$1.732 (1.735)	London: SF1.4775	FT Ordinary: 2,067.8 (-17.2)
DM2.9175 (2.925)	London: Y133.945	FT-A All-Share: 1,288.19 (-0.4%)
FF6.5325 (5.553)	London: DM1.684 (1.6855)	New York: FF6.735 (5.7425)
SEK2.5675 (2.58)	London: SF1.478 (1.477)	DJ Ind. Av. 2,993.68 (-24.15)
Y232.1 (232.25)	London: Y133.8 (134.05)	SEK Comp 383.91 (-3.43)
Y index 91.1 (91.2)	\$ index 94.8 (95.0)	Tokyo: Nikkei 22,134.43 (+804.23)
Gold: New York: Comex Dec \$348.2 (348.3)	Tokyo close: 134.25	US LUNCHTIME
London: \$344.2 (344.25)	NATIES	Fed Funds: 5 1/4%
3-month T-bill: 5.384%	3-month Treasury bill: 5.384%	Long Bond: 10 1/4%
10-year T-bill: 10 1/4%	yield: 7.853%	

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The body of an Israeli soldier captured in Lebanon was flown home yesterday, opening the possibility of further hostage swaps. Meanwhile, relations between Israel and the US became more strained as Prime Minister Yitzhak Shamir rejected President Bush's move to delay \$10bn (\$5.9bn) of loan guarantees for Soviet Jewish immigration. The dispute threatens to become increasingly bitter. US move rejected, Page 22

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INTERNATIONAL NEWS

# Gutsy Bush squares up to Jewish lobby

Lionel Barber explains why the US president has dared to do the unthinkable

THIS WAS the week when an immovable President George Bush squared up to the hitherto irresistible force in US politics: the American Jewish lobby.

The battle turns on Israel's request for \$10bn in loan guarantees needed to help finance settlements for thousands of Soviet Jewish émigrés. Mr Bush wants a 130-day delay so as not to jeopardise a prospective Middle East peace conference; the Israelis want the guarantees, now.

"I'm one lonely little guy down here," said Mr Bush on Thursday as he complained about a horde of hostile lobbyists on Capitol Hill seeking to drum up support for Israel.

Conventional wisdom has

been that US presidents who take on Israel and the well-organised, well-financed Jewish lobby are either brave or stupid. The same applies to the US Congress, where most members have at some time or another taken campaign money from the estimated 70 or more political action committees (PACs) in the US with pro-Israeli ties.

The most powerful pro-Israeli group is the American Israel Public Affairs Committee, known by its acronym AIPAC. This group is careful to avoid being labelled a political action committee; but it has close ties with other PACs and is widely credited with the defeat of pro-Arab Senate and House candidates in the 1980s,

notably former Senator Charles Percy of Illinois who led the fight in 1981 to sell AWACS surveillance aircraft to Saudi Arabia.

These defeats contributed to the impression that the Israeli lobby reigned supreme in Washington. But since Mr Bush came to office in 1989, the tables have begun to turn.

First, Israel's intransigence in the so-called peace process - heightened by the willingness of Egypt, Syria and other Arab states to sit down and talk - has caused Jerusalem to be seen as "part of the problem rather than part of the solution," says one US official. Television pictures of Israeli soldiers have further contributed to Israel's image of

aggressor rather than victim.

Second, the Bush cabinet - unlike the Reagan cabinet - shows no sign of splits on Middle East policy. After initial hesitation, Mr James Baker, US Secretary of State, has made a peace conference a top priority. Like Mr Bush, Mr Baker does not like losing.

Lastly, Mr Bush has cast the loan guarantee in terms of an historic opportunity for peace. In this respect, the comparisons with the AWACS battle in 1981 are misleading. This is no mere argument over a few high-technology weapons which could, potentially, threaten Israel's security; this is about face-to-face negotiations between Israel and its Arab neighbours, about the

ultimate question of the future shape and security of the Jewish state.

At the same time, Mr Bush may be gambling on a cruder calculation. The signs are that the US Congress is taking a much harder-nosed attitude to foreign aid, even to long-time allies such as Israel. Already, Senator Robert Dole, the Republican minority leader, has called for adjustments in line with America's own budgetary constraints.

This attitude explains why Mr Bush was so adamant this week that he would not make a new offer to the Philippines on the use of the Subic Naval Base. Israel is not the Philippines, but Mr Bush still has a strong hand to play.

## UN secretary general hopeful about progress for hostages

By Hugh Carnegie in Jerusalem

MR JAVIER PEREZ DE CUELLAR, the United Nations secretary-general, said yesterday he was optimistic about further progress "in the next days or weeks" in his efforts to end the Lebanese hostage problem.

He was speaking after a visit to Tehran which started a gradual process to resolve the issue.

However Mr Perez De Cuellar warned against raised expectations in case of unforeseen hitches. His reticence was underscored by an incident in south Lebanon yesterday in which a Swedish UN soldier was killed in a clash between Israeli forces and Palestinian guerrillas.

The incident, though not directly related, illustrated the

fragility of relationships between the parties involved in the hostage talks. Israeli and UN versions of the clash differed sharply.

The latest piece in the macabre hostage jigsaw fell into place yesterday when the body of an Israeli soldier captured by Palestinians in 1983 was returned home.

He was the third of seven missing men Israel wants accounted for before releasing Arab prisoners demanded by Lebanese groups as the price for freeing nine Western hostages.

Israel allowed a Palestinian deportee to return home in the deal over the Druze soldier. Earlier this week, it released 51 Lebanese prisoners and handed

over nine guerrillas bodies.

Mr Perez De Cuellar indicated that the next step was intended to be the release of more hostages.

In yesterday's incident in Lebanon, the UN peace-keeping force, said the Swede was killed and five French and Swedish UN soldiers wounded by Israel's surrogate militia, the South Lebanese Army.

The Israeli militia opened fire on a hut where the UN soldiers were being held hostage by three Palestinian guerrillas.

Israel said they were from the mainstream Fatah faction of the Palestine Liberation Organisation, although this was denied by the PLO.

## Baker and Pankin fail to set Mideast date

By Mark Nicholson

THE US and the Soviet Union have failed to set a date for the Middle East peace conference, but both insist there are no differences between them and that it is still on course to convene in October.

Mr James Baker, the US Secretary of State, and Mr Boris Pankin, his Soviet counterpart, said after the wordy negotiations to the conference meeting yesterday - their second this week - but failed to find a workable formula.

Mr Baker, who next week makes his seventh trip to the region, said after the talks: "We still need to do a fair amount of work in the region with respect to the parties that might attend such a conference." The composition

of the Palestinian delegation to the conference remains the outstanding issue to be resolved.

Mr Pankin said this week he also plans to visit the region for the first time as foreign minister before the conference, but only after he has led the Soviet delegation to next Tuesday's opening of the UN General Assembly's annual session.

Mr Yevgeny Primakov, the special Soviet envoy to the Middle East, is on a tour of the region. A spokesman for the foreign ministry said yesterday, however, that Mr Primakov's visit was primarily concerned with "economic issues", effectively a search for economic aid from the Gulf states.



An exhausted Georgian woman rests near a barricade in the capital Tbilisi as pro-presidential and opposition demonstrators argue over politics

## Township violence forces international fund groups to think again

# S Africa investment fund plans axed

By Sara Webb

TWO international fund management groups have dropped plans to launch funds investing in South Africa, citing township violence and worries that US state pension funds might withdraw business.

The decisions by Baring Securities and Genesis Investment Management come at a time when South Africa is preparing its first public bond offering since 1985. It hopes to raise DM200m-250m (\$280m-\$350m) from international investors.

Genesis, which has \$420m (\$249m) under management, decided not to proceed with a fund investing in second-tier South African stocks as well as stocks from other southern African countries such as Zimbabwe, Botswana and Swaziland.

Genesis had approached about 60 institutions to gauge

their interest in the fund. Despite initial interest, it seemed unlikely that the fund would be able to attract its minimum target of \$25m. "The violence last week has not helped sentiment," said a spokesman for the group.

Baring Securities had also discussed the possibility of launching a South Africa fund in conjunction with South Africa's UAL Merchant Bank. It shelved plans because of worries that Baring Asset Management (BAM), its fund management arm, would lose valuable US state pension fund money.

BAM claims to be the leading non-US manager of US pension funds. It manages a total \$29bn worldwide of which \$4.9bn is US pension fund money.

"We have taken a view that we do not want to be associ-

ated with South Africa, although we can buy and sell South African shares, among other things, on behalf of clients," said a director of Baring Securities. "The truth is most investors are uncertain how to approach this opportunity. It is frustrating because the economic and commercial opportunities exist and are very obvious."

The Baring's/UAL fund would have invested mainly in South African shares, but would also have examined the possibility of investing in projects in other southern African countries.

Old Mutual, South Africa's largest life insurance company, recently announced plans to launch a \$50m South Africa investment company to be listed on the London Stock Exchange.

Smith New Court Securities,

which is sponsoring and underwriting the placement, said that several UK and European institutions had expressed interest in the fund, but that it was too early to say how much money had been raised from investors.

Smith New Court said that a recent poll of 110 UK institutions revealed that 25 per cent already invest directly in South African equities, while 45 per cent are changing their views on investment as a result of recent political reforms in South Africa.

However, Mr Peter Webster, executive secretary of Ethical Investment Research Service, a company which screens individual US companies for their involvement in South Africa, said that ethical investors do not believe that the time has come to start investing in South Africa yet.

## NEWS IN BRIEF

### Democracy candidate wins in Hong Kong

A pro-democracy businessman won the high-profile race for the Hong Kong General Chamber of Commerce seat in the colony's indirect elections on Thursday, writes Angus Foster in Hong Kong.

Mr Jimmy McGregor, a former civil servant known for his willingness to confront China, won despite a concerted campaign against him by pro-China interests.

Mr McGregor's victory suggested the colony's business community remains sharply divided in its attitudes to China. He was mainly backed by small and medium sized companies and opposed by larger groups calling for closer relations with China and slower democracy.

### World Bank halts Zambian aid

The World Bank is to suspend aid to Zambia following the government's failure to meet the 60-day deadline on arrears payments of \$30.5m, Mike Hall reports from Lusaka.

The Bank is suspending \$75 to \$80m of balance of payments support under an agreement last year. Other western donors have also frozen another \$40m of aid.

President Kenneth Kaunda, who went to the polls in the first multi-party elections in 20 years in October, has described the donors' response as "unfair".

### Burma politicians in plea to west

Burmese opposition politicians met British foreign office officials yesterday, Reuters reports. Despite an election victory last year, they have been denied a government and have set up a rival government.

Mr Sein Win, prime minister of the rival government, and Mr Peter Limbin, its foreign minister urged western countries to put more pressure on their nation's military junta.

The leaders, who set up their government among ethnic Karen rebels on Burma's border with Thailand last December, were seeking international support and recognition.

### Italy steps up help for Albania

Italy has stepped up aid to Albania to try to stop further attempts at mass illegal immigration, reports Robert Graham in Rome.

The Italian government has approved soft credits of L120bn (\$20m) over three years to finance imports, especially machinery for manufacturing foodstuffs and improving infrastructure in Albania. This is on top of commitments to provide 130 tons of food over the next four months.

## Moscow and US agree to stop sending arms to Afghanistan

By Mark Nicholson in Moscow

THE Soviet Union yesterday removed another longstanding irritant in its relations with Washington by agreeing to the US to halt military supplies to Afghanistan by January.

The joint declaration was announced after talks between Mr James Baker, the US Secretary of State, and Mr Boris Pankin, his Soviet counterpart, and is designed to clear the way for the formation of a new transitional government in Afghanistan, followed by UN-supervised elections.

The deal is a domestic economic and political fillip to both Washington and Moscow. The Soviet Union poured at least \$400m in aid into the regime of President Najibullah in Kabul, mostly in the form of guns, ammunition, artillery and hundreds of Soviet missiles. Moscow also flies huge quantities of food and fuel to Kabul.

US military aid to the Mujahideen rebels, including Stinger anti-aircraft missiles, had reached \$500m a year, but has recently been running into

stiff resistance in Congress.

Pakistan and Saudi Arabia also provided aid, and US officials yesterday said they would press both countries to halt assistance and help broker peace in the country under the terms of last May's five-point UN peace plan, which calls for the formation of an interim government before full elections.

President Najibullah welcomed the agreement yesterday, "with open satisfaction", and at least two leading rebel groups also hailed the deal.

Mr Vitaly Churkin, the Soviet foreign ministry spokesman, suggested yesterday that the effects of the post-coup "ideologicalisation" of Soviet foreign policy would extend next to Vietnam, where he said the Soviet Union was seeking to end its military presence entirely.

Farhan Bokhari in Islamabad adds: Pakistan's government was examining the situation in Afghanistan after yesterday's announcement of an arms cut-off by the Soviet Union and the US, but had no official comment.

## Black Democrat joins US presidential race

By George Graham in Washington

THE RACE for next year's US presidential election widened yesterday when another candidate joined the field bidding for the Democratic Party's nomination.

Governor Douglas Wilder of Virginia yesterday formally declared he would run for the presidency, adding to a list of Democratic hopefuls weakened by the refusal of most of the party's heavyweights to take on President Bush.

A silver-tongued trial lawyer with more than 20 years of state politics behind him, Mr Wilder is a controversial figure in his home state, where he has been voters by a series of bitter squabbles with rival Democrats.

But as the first black to be elected governor in the US, he could change the dynamics of the Democratic nomination process, which in recent years has been dictated by Mr Jesse Jackson's domination of black



votes in the southern states.

Unlike Mr Jackson, Mr Wilder appeals to centrist and white voters. He won his Virginia office with an estimated 40 per cent of the white vote in this once segregationist southern state.

## Peace accord to end week when 120 died

By Philip Gawith in Johannesburg

THE three main protagonists involved in the violence which has wracked South Africa for the past year and dominated political debate will sign a peace accord today aimed at establishing mechanisms to curb the violence.

The accord comes at the end of the week in which more than 120 people died in various incidents in Transvaal townships.

The government, the African National Congress (ANC) and the Inkatha Freedom Party have all stated that the events of the past week merely underscored the need for a peace accord.

At least thirty other organisations will sign the accord, but the right wing Conservative Party will be staying away while the Pan Africanist Congress and Azapo, two radical black parties, will attend but not sign the accord. They object, amongst other things,

to the legitimacy the accord gives to the government and its security organs.

The accord is the result of months of negotiations. Following a government convened summit earlier in the year, which the ANC did not attend, a committee of business and church leaders worked to get all the main parties around the same table.

Features of the draft document include the setting up of a permanent, paid, multi-party national peace committee; special courts to deal with political violence and codes of conduct for political actors and security forces.

Although there are high hopes for the peace accord, there is also recognition that a formidable task lies ahead in giving effect to its principles at the grassroots level and ensuring that violence does not recur at street level.

## Sharp rise in Japanese bankruptcies

By Robert Thomson in Tokyo

THE bankruptcy toll from the collapse of Japan's financial "bubble" rose sharply in August to a monthly record of ¥1,065bn (\$4.65bn) and was highlighted by the ¥430bn failure of the Egawa Restaurant run by the mystic-cum-stock investor, Ms Nui Onoue.

A total of 896 bankruptcies of ¥10m or more were recorded for the month by a leading Japanese credit agency, Tokyo Shoko Research, which said that seven of the eight largest failures were directly linked to unsuccessful property or stock dealings.

The number of bankruptcies rose 25 per cent from a month earlier and 74.3 per cent from last August, while the total of debts outstanding rose 67.5 per

cent from July and 800 per cent from August last year.

Ms Onoue was arrested last month after having allegedly used ¥342bn in fake deposit certificates as collateral for loans from such lending institutions as the Industrial Bank of Japan and Fuji Bank. She is said to have relied on seances for investment advice of the supernatural kind, but, like many other mere mortals, Ms Onoue lost her money when the Tokyo stock market crashed.

The second largest bankruptcy was that of Marubio, a property developer specialising in one-room apartments, which had become a popular speculative investment during the late 1980s. Developers attempting to

capitalise on this speculation were caught out by the increase in Japanese interest rates over the past two years and the resulting slump in the property market.

Marubio filed for protection with debts of ¥277.4bn, the largest of the 107 real estate-related failures during the month. These companies were also hurt by government guidance in the past year to banks to limit their property lending and by the banks own need to reduce lending growth to meet international capital adequacy requirements.

Japanese institutions expect a high level of bankruptcies for the rest of this year, as the unwinding of the era of financial excess continues.

JAPANESE BANKRUPTCIES Aug 80 - Aug 91			
Month	Number of cases	Amount in ¥(bn)	
1990			
Aug	514	118.3	
Sept	531	91.2	
Oct	646	150.1	
Nov	633	344.8	
Dec	714	476.7	
1991			
Jan	645	630.3	
Feb	677	310.6	
Mar	836	476.2	
Apr	867	383.1	
May	902	383.1	
Jun	874	836.3	
Jul	896	1,065.5	
Aug			

Source: Tokyo Shoko Research

## Russia hints at deal on Kuriles

By Mark Nicholson

A POSSIBLE deal by which Russia would hand back to Japan the disputed Kurile islands in return for substantial economic aid from Tokyo was strongly hinted at yesterday by Mr Russian Khazbulatov, chairman of the Russian parliament, on his return yesterday from a trip to Japan.

Mr Khazbulatov said Russia was "prepared to speak about the territorial issue" of the islands, which the Soviet Union occupied just after the

Second World War.

He said Japan should "show an example of its participation in solving serious problems faced by Russia" by giving between \$8bn and \$15bn in economic assistance.

Mr Khazbulatov, who spent five days in Japan, did not make explicit a possible islands-for-aid deal, but emphasised that Russia sought a "stage-by-stage" return to normal relations with Japan, culminating in a peace treaty with

its wartime foe. As an additional carrot, Mr Khazbulatov said Russia intended cutting military forces in the east.

However, Mr Ryutaro Hashimoto, the Japanese finance minister, appeared to dampen immediate hopes of a deal, saying in Tokyo that although he was prepared to visit Moscow "relatively soon" to discuss economic co-operation, he felt the Soviet Union was not yet meeting the conditions Japan tied to the provision of aid.

## IMF approves Peru's economic programme

By Stephen Fidler, Latin America Editor

The International Monetary Fund approved yesterday an economic programme for Peru which aims to bring the country out of the international economic wilderness and provides for it to receive more than \$1bn in loans before the end of 1992.

The approval sets in train a complicated series of transactions under which Peru is expected to erase its arrears to the Inter-American Development Bank, World Bank and the IMF itself.

At the end of last year, arrears to the IADB totalled \$380m, to the World Bank \$890m and to the IMF \$822m. None of the institutions are allowed to disburse loans to countries in arrears.

Under the agreement a support group of friendly coun-

tries, led jointly by the US and Japan, have put together more than \$1bn in soft loans and grants which will be disbursed until the end of 1992. This together with loans from the IADB are expected to fill Peru's new financing needs over the period.

In other parts of the programme, the IADB is expected to disburse next week its first loan for more than two years to Peru. The arrears to the IADB will have been cleared with the proceeds of a \$400m, four-year loan from the Latin American Reserve Fund.

Peruvian officials have flown to Paris for talks on Monday with the Paris Club of creditor governments where debt relief on trade-related debt is expected to be granted.

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## INTERNATIONAL NEWS

## Ukraine fears it will run out of roubles

By Chrystia Freeland in Kiev

**LEADING** Ukrainian politicians said yesterday the republic may run out of roubles by the end of the month because of lack of supplies from the Soviet central bank.

Mr Mykhailo Shvaka, deputy head of the parliamentary commission on economic reform, said that the Ukrainian National Bank had cash reserves of only \$100m. The bank needed between \$100m and \$150m to pay wages in the republic each month.

Officials from the Ukrainian National Bank confirmed that due to "technical problems" Gosbank, the Soviet central bank, had not provided the Ukraine with enough cash.

Mr Mykhailo Tumanov, deputy director of the Ukrainian National Bank, denied the situation was grave, but said Gosbank simply could not print money fast enough to keep up with the wage and price increases in the country.

Mr Tumanov said one of the motives behind a trip to Moscow by Ylford Fokin, the Ukrainian prime minister, on Thursday was to discuss the

financial squeeze with his Russian counterpart, Mr Ivan Silayev.

Opposition politicians, who now command a majority in parliament, believe there is more than technical problems behind the shortage of roubles. They fear that both the Kremlin and Boris Yeltsin's Russian parliament are trying to create a financial crisis in the Ukraine to force the independence-minded republic to remain in some sort of political union.

"Without a doubt, Russia stands behind this measure," Mr Shvaka says. "They want to keep everything in their hands."

However, the opposition's suspicions may well prove unfounded. Russia is trying to persuade the Ukraine, the second most powerful republic, to join an economic union, and starving it of roubles would be counter-productive for Mr Yeltsin. As Mr Shvaka himself says: "This will force us to introduce our own money and not to depend on anyone."

Moreover, it has been Gos-



**OLD PALS ACT:** James Baker greets Eduard Shevardnadze in Moscow. The former Soviet foreign minister now leads the Democratic Movement

bank, not the Russian central bank, which has traditionally overseen the distribution of cash, so it seems unlikely that the Russians would be able to withhold the money.

However, another repercussion of the cash problem may be a shake-up in the Ukrainian government. Opposition MPs say they may call for the resignation of a number of cabinet

ministers and even the prime minister himself when Mr Fokin faces parliament on Tuesday to deliver a report on the economic situation.

Senior Soviet officials will visit Brussels next week to discuss Moscow's surprise request for at least \$50m in food aid to prevent mass hunger next winter, Reuters reports. US and European Community trade

representatives at a meeting in Angers, France, commented that the Soviet Union was asking for a lot of money.

"It (the request) is rather high," EC trade commissioner Frans Andriessen said. "We will have to investigate." US Trade Representative Carla Hills said: "It's not a small sum."

## Attitudes of mind that undermine the economy

By Anthony Robinson, East Europe Editor

**THE** claims that bound "Soviet Man" have been spectacularly broken. But a few vignettes from everyday Soviet life indicate that the state of mind inculcated into three generations of citizens, could be the most difficult "reform" of all.

Take, for example, the hundreds of thousands of oil tankers clogging the overloaded railways. Each has a thick belt of congealed oil around its middle where oil has been split. Why? Because they are filled from the top as if oil were water until they overflow. The losses are immense.

Or take the mismatch between production and distribution illustrated by a large field of tomatoes ripening in the sun not 20kms from the port city of Odessa. The only visible link between the field stretching to the horizon in all directions and the consumer was one small van and three old ladies with buckets.

There were no tomatoes in the state shops of Odessa - but three kinds of sausages were being sold without queues in the streets. They had come across the Black Sea from Bulgaria. But the vagaries of the distribution system meant that few would get beyond the port except in the suitcases of travellers.

That helps explain why a country which this year is expecting a grain harvest of 195m tonnes still "needs" to import 30 to 40m tonnes. Imported grain arrives conventionally at a port where it can be put into trains and then unloaded into a state-owned rail-side silo or bread factory. It does not have to bump over rutted mud roads in broken down trucks from far-flung collective farms whose workers have nothing to buy with the roubles they receive and therefore no incentive to part with the produce.

Growing tomatoes in a gigantic field is just one instance of a mania for size which has bequeathed the Soviet Union some of the largest industrial plants in the world - not to mention the world's heaviest chandeliers, the biggest micro-chips and mind-boggling monuments to heroes and battles weighing hundreds of tons and laid out over dozens of acres.

But the ceaseless propaganda campaigns which accompanied the construction of the great projects of past five-year plans - from Stalin's dams, canals and steel plants to Brezhnev's car and truck plants and Siberian railway - were switched off after com-

pletion. In the same way the new plants, oil fields or pipelines on which billions of roubles and dollars were lavished in construction were then deprived of prudent depreciation allowances or working capital once operational.

Western oil companies, especially those operating in harsh climatic regions, typically allocate about 15 per cent of the overall project budget to maintenance of pipelines and pumping stations. In the Soviet Union the average is about 1 per cent. It will take an accounting revolution for western-style depreciation to be adopted. Until then, pipeline explosions and factory breakdowns, will continue to cause a decline in output of oil and other products.

However the potential for gaining rapid and substantial productivity increases by changing attitudes gives ground for hope. Substituting western-style accounting and project evaluation methods for the political imperative of the five year plan could prove more effective than large scale new investment.

That is what the economists drafting economic strategies and newly-empowered Soviet factory managers are counting on.

## TV propaganda goes into reverse

By Layla Boulton in Moscow

**SOVIET** families sitting around their television sets will soon be fed market economics instead of Communist party propaganda.

Mr Yegor Yakovlev, the new liberal chief of Soviet broadcasting, said yesterday that he wanted to change the way the west was depicted on TV and to educate viewers on how market economies work.

"People imagine that capitalism is like Marxism but only worse," joked the former newspaper editor, who replaced Mr Leonid Kinschenko in a purge of hardliners who supported last month's coup.

He said he wanted to show a new series which would explore topics such as how the rich in the west shared their money with the poor through taxation, what millionaires spent their money on, and what social guarantees were available to western workers.

But he said his prime aim was still to free television from its role as an undeclared "propaganda ministry". Even with the advent of glasnost, television remained tightly controlled, capable in the words of

Mr Yakovlev of "serving putchists at the push of a button". (Since the coup's defeat, Soviet television has gone to the other extreme in airing the views of victorious democrats).

Mr Yakovlev, who has kept his predecessor's direct line to President Gorbachev, said he would for instance set up a board of prominent personalities whose job would be to protect broadcasters' independence and handle complaints.

But he said there was still a lot of uncertainty over the shape of broadcasting since it was being divided up like the country itself. On Thursday, Mr Gorbachev and President Boris Yeltsin shared out facilities on Russian territory between the union and Russia.

He said that all republics, including even the independent Baltic states but excluding Georgia, seemed willing to take part in an all-union broadcasting company. This would be state-owned but it would hold stakes in smaller companies which would make programmes and be open to private ownership.

## Irish privatisation row

**A ROW** is looming over a secret study commissioned by the Irish government on privatising the telecommunications company, Telecom Eireann, Tim Cooney writes from Dublin.

The Communication Workers' Union says the government gave it a verbal assurance last year that the company would remain in state hands.

But Irish newspapers have revealed that Telecom's chairman, Mr Michael Smurfit, advised his board on August 30 that the government had

decided to commission the privatisation study from the Investment Bank of Ireland (IBI) and National City Brokers (NCB).

Unofficially priced at £1bn, the company is one of the government's most valuable assets. Its privatisation may threaten the cornerstone of the government's employment and wages policy, the Programme for Economic and Social Progress (PESP). This relies for its success upon trade union backing which could be withdrawn if Telecom is sold off.

## Polish parliament rejects bank chief

By Christopher Dobinski in Warsaw and Anthony Robinson in London

**THIS** communist-dominated Polish parliament's relations with President Lech Walesa worsened yesterday when deputies failed to approve Mr Marek Dabrowski, the president's nominee, as head of the National Bank of Poland.

Mr Dabrowski, who was determined to contain inflation by maintaining monetary controls, even at the cost of a deepening recession,

fell foul of a coalition of hardline deputies, the former communist group and right wing Solidarity supporters anxious to see an end to the recession. The 40-year-old economist served last year as deputy finance minister.

Mr Dabrowski's appointment as head of the bank, which is independent of the government, was intended to signal that controls on money supply would be maintained whatever the outcome of general elections on October 27.

The post fell vacant last month when the previous head, Mr Grzegorz Wofowicz, was forced to resign after the arrest of his deputy on charges of issuing fraudulent credit guarantees.

Meanwhile, Witelkowski Bank Kredytowy (WBK), one of nine Polish state-owned commercial banks, bled off from the central bank two years ago, has been selected as the first for privatisation, with the help

of a consortium of UK and Polish advisers.

Schroders, the UK merchant bank, will lead the consortium which includes accountants and consultants from Coopers and Lybrand Deloitte's UK and Polish offices, with legal advice from Allen and Overy and Tomasz Wardynski and partners, a Polish law firm. The project is being funded jointly by the British government's know-how fund and by the Polish government.

The Poznan-based WBK, with 46 branches and net assets of \$124.4m, already has a "winning arrangement" with Allied Irish Banks arranged by the International Finance Corporation (IFC). The World Bank has set aside \$200m to provide western technical and other assistance for the modernisation and privatisation of the Polish banking system.

The Katowice-based Slaski Bank is expected to be the second of the nine commercial banks to be privatised with the help of a French bank.

The need for efficient commercial banking system was underlined recently by a banking scandal involving the APTB trading company which obtained unsecured credit guarantees from Polish banks and is accused of falsifying documents, bribing bank officials and other crimes.

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## UK NEWS

## Abta ends two Prowse licences

By David Churchill, Leisure Industries Correspondent

THE Association of British Travel Agents (Abta) yesterday terminated the membership of two Keith Prowse travel companies after talks with the receivers from Grant Thornton.

Keith Prowse Travel and Keith Prowse Travel (Northern Ireland) had their licences to sell Abta members package holidays revoked after it became clear to the receivers that a buyer for the operations was unlikely to be found.

However, a third Keith Prowse travel company - Williams Travel - remains trading and in Abta membership as the receivers hope to sell it as a going concern next week.

The two travel companies who have lost their Abta licence to operate were not put in receivership last Monday along with other Keith Prowse companies, as to do so would

have automatically forced them to cease trading. However, they are likely to go into receivership next week.

If they do cease trading it should not disrupt the holiday plans of consumers who have booked through them, Abta said last night. All package holidays sold through the Keith Prowse shops are covered by the bond lodged with Abta.

Meanwhile, about three serious purchasers have emerged for the Keith Prowse ticket operation, according to Mr Allan Griffiths, one of the joint receivers from Grant Thornton. "It's a very complex situation and I am aware that time is not on our side to find a buyer," he said.

London theatres have agreed to honour all Keith Prowse tickets, but are anxious that the situation should be clarified as soon as possible. The theatres hope that any buyer would reimburse them for tickets already honoured, but this is increasingly unlikely if a buyer is to be found.

Mr Griffiths said that Mr Dev Anand, one of the owners of the Keith Prowse group, was working with the Modern Group, the new owners of the Expatel hotel reservations agency which the receivers sold last Monday. Mr Anand was "totally exhausted", added Mr Griffiths.

A third director, Mr Paul Burns, was helping sort out the confusion surrounding corporate hospitality packages. Meanwhile Mr Keith Richards, legal officer with the Consumers' Association, yesterday suggested that a small levy could be applied to theatre tickets in future to provide insurance for consumers.

"There is a real need to protect consumers who pay out in advance for their tickets," he said.

British Airways said last night that the Concorde flights chartered by Keith Prowse for players and supporters of the European Ryder Cup golf team would go ahead.

BA said it would operate the flights to the tournament in South Carolina, in the US, and the costs would be covered by the Professional Golfers' Association and Johnnie Walker, the team sponsor.

BA said it would honour tickets issued by Keith Prowse on its scheduled services. Passengers who could prove they had paid Keith Prowse in full before it ceased trading would have tickets issued to them - including golf supporters who had bought packages to see the Ryder Cup.

## Brooke hopeful over talks on Ulster

## Councils discuss changes to spending assessments

By Alison Smith

THE rise in terrorist violence in Ulster may encourage local politicians back to the negotiating table, Mr Peter Brooke, the Northern Ireland secretary, said after an Anglo-Irish Conference meeting in Belfast last night.

Mr Brooke and Mr Gerry Collins, the Irish foreign affairs minister, reaffirmed their commitment to re-starting political talks on the province's future, in spite of differences between unionists and nationalists over the rules which would govern any new discussions.

Before yesterday's meeting, Mr Collins said the Irish government would maintain a flexible approach, but he warned of the dangers of any attempt to set new pre-conditions for talks.

THE government is discussing with local authorities two possible changes to the method of assessing the amount councils should be spending.

The first change would be to remove highway maintenance from the standard spending assessments (SSAs), which affect how government distributes grants to councils, by treating it as capital spending rather than revenue. Some authorities believe that this signals a further move towards making councils compete for central government grants, as has happened with the City Challenge scheme.

The second change would increase the allowance made for the number of overnight visitors to each local authority. This would favour areas with large numbers of tourists, such as Westminster, and seaside towns.

The alterations were discussed yesterday at a meeting of the settlement working group, made up of officials from the Department of the Environment and representatives from the local authority associations.

THE SSAs have consistently been a subject of disagreement between the government and local authorities. They have been criticised by Tory-led and other councils alike as in need of far-reaching reform.

Labour has especially criticised recent changes, which it says unfairly favoured the Tory-controlled London boroughs of Westminster and Wandsworth, helping them set low poll tax levels.

Mr David Blunkett, Labour's local government spokesman, said yesterday: "Despite all the evidence, the government has still refused to make fundamental changes to the SSA system. The proposed tinkering is

once again designed to benefit their friends rather than address the real issues."

There were signs yesterday that even the Tory-dominated local authority associations could be reaching the conclusion that the government's plans for personal discounts may make the council tax inoperable.

Although the council tax will be based broadly on the value of people's homes, discounts for single-person households and for certain other categories, such as student nurses, are proposed.

Benefit experts say that difficulties will arise in meshing the discounts with the rebate system.

The government intends to introduce the council tax in April 1993, but delays in solving such complexities risk its being delayed until the following year.

## Shortage of police resources dismissed

By Alan Pike, Social Affairs Correspondent

THE government yesterday dismissed suggestions that inadequate police resources had been a factor in this week's Tyneside disturbances.

Local authority leaders met Mr Kenneth Baker, home secretary, to demand increased police spending. The meeting had been arranged some time ago, but was given added urgency by the present inner city unrest.

Mr George Gill, chairman of Northumbria police authority - the force responsible for policing Tyneside - said afterwards that Mr Baker had shown sympathy, but had not offered extra cash. He said he believed the events on Tyneside could be repeated in other metropolitan areas, and added: "I didn't come down here for sympathy. I came down here for action as we haven't got any."

The meeting took place as Home Office figures published yesterday showed a record 18 per cent increase in recorded crime between June 1990 and June 1991. Nearly a third of all crime now involves stealing cars or breaking into them. But crimes of violence rose by only 5 per cent in the 12 months to June - half the rate of increase of other recent years.

In a letter to Mr Roy Hattersley, shadow home secretary, Mr Baker dismissed suggestions that the policing of the Tyneside disturbances had been hindered by shortages of officers.

The council leaders told Mr Baker that police forces faced a financial crisis which was keeping officers off the beat.

All six metropolitan police authorities had their budgets capped in 1991-92.



Under fire: a policeman stands guard as a pub in Newcastle blazes this week

## Responsibility urged over riots

By Ralph Atkins

STRONGER locks on cars, more care by car owners of their vehicles and tough sentencing by courts are part of the answer to riots such those that took place around Newcastle upon Tyne this week, Mr John Patten, home office minister, said yesterday.

Local communities also had to act collectively to stem disturbances centred on car crime, Mr Patten said. Increases in the number of police officers would help, he acknowledged, but force levels were already projected to rise.

Mr Patten, re-emphasising attempts by ministers to shift blame for the past week's rioting across the country on to

the individuals and communities concerned, said that courts would be able to hand down tough "deterrent" sentences.

His comments followed a claim by Mr Roy Hattersley, shadow home secretary, that Sir Stanley Bailey, chief constable of Northumbria, had told him his force had 500 officers fewer than it needed.

"Sir Stanley was explicit in saying that on each night of the disturbances he did not possess sufficient resources both to contain those who caused it and to arrest the ringleaders," Mr Hattersley said.

Mr Patten, however, said the figures were "news to me and

news to us in the Home Office". Northumbria had only 87 fewer police officers than it should, he said. Last night, Northumbria lobbied the Home Office for funds for a further 116 officers.

Speaking on BBC radio, Mr Patten said: "We need manufacturers to put better security equipment on cars, we need insurers to persuade those who take out car insurance to take more care of their own property."

He played down suggestions that the riots were the result of unemployment. "Just as many are in work and all too many are children - and they are somebody's children," he said.

## LIG to shed 650 production jobs

LONDON International Group, the consumer services and products company, is to make up to 650 workers redundant following its decision to move surgical glove production overseas. Production at Chingford, London, and Llanelli, west Wales, will end.

With trade unions are under way. There could be up to 350 job losses at Chingford and 300 at Llanelli.

## Lib Dems urged to vote tactically

LIBERAL Democrats were urged yesterday by Mr John Wakeham, energy secretary, to vote tactically by switching to the Tories in order to deprive Labour of a victory in a general election for the fourth consecutive time.

The rare plea by a Conservative minister for voters to "think tactically" played on the belief of many Liberal Democrats that a Labour defeat offers the best chance for the party to win power in the long term.

## Nominations for TGWU union

Mr Jack Adams, a Communist party member, has secured 541 branch nominations for the post of deputy general secretary of the TGWU general union. This compared with 389 nominations for Mr Jack Dromey, a close ally of Mr Neil Kinnock, the Labour party leader. The result of a secret ballot is expected next month.

## Polly Peck chief is questioned

MR ASIL NADIR, the chairman of Polly Peck International, was questioned yesterday by police attached to the Serious Fraud Office at Holborn police station.

No new charges were preferred against Mr Nadir, who was arrested and questioned on Wednesday and questioned for eleven hours. He remains free on his original \$3.5m bail terms granted last December. Mr Nadir faces 18 charges of theft and false accounting.

## Phillips denial

Phillips of the Netherlands yesterday denied a statement earlier this week by Matsushita that it was planning to manufacture the Japanese group's television picture tubes in the UK. Phillips said that if there was a demand for flat-surface tubes it would make them using its own technology.

## Gulf crisis petrol price plays large part in latest RPI fall

By Rachel Johnson, Economics Staff

YESTERDAY'S fall in retail price index to 4.7 per cent, its lowest level for three years, owes more to last year's petrol price rise during the Gulf crisis than to a across-the-board price slowdown this year.

The retail prices index increased by 0.2 per cent in August this year, but by a full 1 per cent in the same month last year. This delivered a 0.8 point drop in inflation from July's 5.5 per cent.

Motoring expenditure costs increased by an annual 7.3 per cent last month, after 9.5 per cent in July; the rise in fuel and light prices was down to 7.6 per cent, after a previous 9 per cent.

A gallon of four-star petrol fell by 1p to 22.28 a gallon; unleaded by a penny to 22.12. Contrast this to last August, when the outbreak of Gulf hostilities added 0.2 percentage points to the RPI. This year's motoring and petrol impact on the index was a mere 0.05 points.

Lower oil prices, and the government's ability to cut interest rates in the recession, have helped Mr Norman Lamont, the chancellor, almost to halve retail price inflation from 9 per cent in March.

The deep consumer downturn and the £140 per head reduction in average poll tax bills enabled Mr Lamont to raise value added tax to 17.5 per cent in the Budget without adding to the RPI. The switch to indirect taxation - VAT - was almost entirely offset by the 30 per cent cut in a direct tax - the community charge - and the sharp slowdown in domestic demand. This helped him avoid the inflationary pressures that Germany is fighting to crush, which have resulted from the series of government-administered tax

increases to finance unification.

July's German tax package, designed to limit the burgeoning budget deficit, added as much as 0.3 points to that month's cost of living index, taking the annual inflation rate to 4.4 per cent and triggering a rise in German interest rates.

Mr Lamont was also helped by a fall in housing costs in the wake of the half-point cut in mortgage interest rates generally introduced at the beginning of August.

The influence of these cuts can be seen in the index which strips out mortgage interest payments (mips). This remains above the headline rate, falling to 6.2 per cent in August, after a previous 6.8 per cent. The inclusion of mips in the headline "general" index lowered it by 0.13 percentage points. Only the large outstanding stock of mortgage debt prevented a bigger fall.

Without these "special factors", economists find the inflation picture less attractive, in spite of the ceaseless efforts of Britain's retailers to drum up trade with price discounts.

"This RPI is disappointing - as the last two were," said Mr

and June last year. The figures indicate that the recession in the building industry, already severe, is worsening. Output in April, May and June this year was 3 per cent lower than in the preceding three months, the department said.

Most worrying is the collapse of the office construction market in south-east England. The National Council of Building Materials Producers has forecast commercial output will fall 20 per cent this year and 30 per cent in 1992.

Seasonal food prices performed one of their intermittent August jumps as a result of a rainy summer. Potato prices helped the index of seasonal food prices rise by 3.7 percentage points to 5.4 per cent in August. Fish, milk, cheese and beer prices all rose.

The general index of retail prices in August was 134.1 (January 1987=100), after 133.8 in July.

The outlook for inflation is mixed. It is going to get better, then worse, with a tight financial strategy required to keep UK inflation at German levels next year.

The October RPI is set to fall to just 3.2 per cent, but then rise again above 4 per cent as last year's mortgage-rate cuts - which started in November - drop out of the year-on-year comparisons.

## Ford expects Continental exports to triple

By Kevin Done, Motor Industry Correspondent

FORD's exports of cars and commercial vehicles from the UK to continental European markets are expected to almost triple this year to 179,987 from 64,475 last year.

Exports of engines are expected to rise to nearly 1m from 800,000 in 1990.

Mr Derek Barron, Ford of Britain chairman, said that the company's vehicle and engine exports this year would be the highest since 1979.

The surge in exports reflects

the high level of new vehicle sales in Germany this year. Ford's success in the Italian market and the drop in demand in the UK market.

Around half of Ford's production of its Fiesta small car range will be exported this year, mainly to France and Italy, compared with around 16 per cent in 1990.

Production of the Fiesta at Ford's Dagenham, Essex plant is forecast to rise by 16 per cent to 211,106 from 186,952.

Output of the Dagenham assembly plant was concentrated exclusively on the Fiesta last year, when Ford transferred all its UK production of the Sierra large family car to its Genk, Belgium, assembly plant.

UK new car sales dropped by 22 per cent in the first eight months of the year, but Ford has under-performed the market with a 25.9 per cent drop in its UK new car sales volume. This has cut its market share

to 23.8 per cent from 25 per cent a year ago.

Car output from the Halewood, Merseyside plant of the Escort/Orion range is forecast to fall to 86,479 from 88,031 in 1990.

Production of the Ford Transit medium van at Southampton will fall to 97,000 from 69,200 last year.

Engine production at Ford's Dagenham plant will be virtually unchanged at 588,500 compared with 588,100 last year.

## US HOUSE BANKING COMMITTEE HEARINGS

## Eight inquiries failed to see First American ownership



THE Federal Reserve Bank of Richmond failed to uncover Bank of Credit and Commerce International's alleged hidden ownership of First American Bank

in spite of eight probes in nine years, according to Mr Robert Black, Richmond Fed's president.

Mr Black said in prepared testimony to the House Banking Committee that the examiners were well

aware of the Fed's concerns about BCCI's involvement with the Middle Eastern investors who bought the Washington bank in 1982.

"During this period, the Reserve Bank's inspections found compliance with the conditions and commitments of the original application and no violations of the law," Mr Black said.

"Neither the reports of our First American inspections nor any of the reports of examination prepared by other federal and state regulators contained comments or criticisms regard-

ing involvement of, influence by, or improper payments to BCCI," Mr Black said.

Since 1982 there were no dividend payments to the investors, who injected more than \$500m into First American, he said.

Mr Black told the committee that although the Middle Eastern investors who bought First American in 1982 also owned stock in BCCI, US law does not prohibit common ownership of banks and non-banks by individuals as it does for companies.

Mr Garcia, who was president from 1985 to 1990, walked out of the panel on Wednesday saying it had already found him guilty and would not allow his lawyer to speak.

He said the constitution guaranteed the right to defence by a lawyer, but the panel said the president was not on trial.

"This common ownership, while significant, did not provide grounds for any action by the Federal Reserve Bank or any recommendation by us for action by the board," he said.

The Fed discovered that BCCI had financed the First American purchase in late 1990 from a BCCI audit report.

The Federal Reserve has charged BCCI with secretly owning more than 80 per cent of the shares in First American's parent, Credit and Commerce American Holdings.

It said the investors acted as a front for BCCI, which lent the money to buy the shares with the understanding that the loans would not be repaid. Mr Black said that since the discovery, the Richmond Fed has examined First American and so far has not discovered any abuse of First American bank or irregular lending practices.

"Simply put, no connection between the bank's lending practices and their unauthorised ownership by BCCI has been uncovered," he said.

Mr Cruz, who would not give any further details about the loans, made the announcement after giving a Peruvian delegation permission to review accounts deposited by BCCI in the Panama City branch of Swiss Bank, where the money was allegedly paid to Peruvian central bank officials.

Former Peruvian central bank officials implicated in the dealings have denied any wrongdoing.

Mr Rogelio Cruz, the attorney-general, whose office has said little about the bank scandal, announced on Thursday that seven questionable BCCI

loans amounting to more than \$30m were under investigation.

Mr Cruz, who would not give any further details about the loans, made the announcement after giving a Peruvian delegation permission to review accounts deposited by BCCI in the Panama City branch of Swiss Bank, where the money was allegedly paid to Peruvian central bank officials.

Former Peruvian central bank officials implicated in the dealings have denied any wrongdoing.

## Cawthra quits as Balfour Beatty chief executive

By Andrew Taylor, Construction Correspondent

MR DAVID Cawthra yesterday resigned as chief executive of Balfour Beatty, the construction arm of BICC, the engineering group.

This is the second time in 3 1/2 years that Balfour has lost a chief executive. Mr Cawthra, 48, replaced Mr Bob Rankin as chief executive of the company in 1988. Mr Rankin subsequently became chief executive of Lilley, the Scottish-based contracting and development group.

The market feared that Mr Cawthra's resignation might be connected with problems at Balfour Beatty that have not been revealed publicly.

BICC stressed, however, that Mr Cawthra's departure had not been prompted by any financial or operational difficulties within the company.

It said: "There were no major differences in management approach. This was purely a personal decision by Mr Cawthra, who decided that he wanted to leave to do other things. His resignation has been accepted with regret."

Mr Cawthra, who joined Balfour Beatty from Tarmac in 1979, is widely respected in the construction sector. It is expected that he will take up another appointment within the industry.

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## UK NEWS

## Chemicals company obtains injunction

By Chris Tighe

THE chemicals manufacturer Albright and Wilson has obtained an injunction forbidding members or sympathisers of Greenpeace, the environmental campaign group, from interfering with its Marchion works and discharge pipelines in Whitehaven, Cumbria.

The injunction, obtained against Greenpeace and its UK executive director Lord Melchett, was granted by the High Court in London after the arrest on Wednesday of 22 Greenpeace protesters who tried to block pipelines emitting heavy metals from the company's Marchion works into the Irish Sea.

Albright and Wilson also disclosed yesterday that it has started High Court proceedings against Greenpeace, on which a writ has been served, for trespass to recover damages caused by the attempt to block the pipelines. The company estimates that the cost of damage and lost production will run into six figures. It is also seeking a permanent injunction restraining Greenpeace campaigners from such actions in the future.

A Greenpeace spokeswoman said it would obey the temporary injunction, but would fight any legal attempt to permanently curb its activities. "We take action to defend the environment and we will defend this case in the same way," she said.

Albright and Wilson, a subsidiary of American conglomerate Tenneco, has been targeted in the environmental group's campaign to force the National Rivers Authority to take a tougher line on pollution. Greenpeace is seeking a judicial review of the NRA to force it to take stiffer action.

Albright and Wilson, which has consent from the NRA to discharge about 500 tonnes of heavy metals into the Irish Sea each year, has denied Greenpeace allegations that it is exceeding this limit.

Last month, in the first successful private prosecution under the Water Act, Greenpeace prosecuted the company for exceeding its consent levels. Albright and Wilson, which was fined the maximum £2,000 and ordered to pay Greenpeace £30,000 costs, is considering an appeal.

"We were shocked that being involved in the process of law, in which they have taken us to court, they are taking this violent action against the discharge," said a company spokesman.

## Housing market suffers scourge of repossession

Emma Tucker and Richard Lapper on the gloomy outlook for property

since the beginning of the year. Halifax is lending very few.

Mr David Gilchrist, Halifax's group corporate development manager believes 100 per cent lending will disappear altogether, moving Britain closer to European practice.

In addition, the impact of the increase in the rate of unemployment is likely to reverberate beyond those actually out of work. Mr Wriglesworth points out that those in work will feel insecure as long as the rate of unemployment is increasing, making them less likely to take out loans on new houses.

The stagnancy in the property market has added to the difficulties of the insurance industry, which was already suffering from an upsurge in weather losses and recession-related claims.

Over the past six months most leading companies have paid claims on their mortgage indemnity policies, an insurance which protects the lender against any losses incurred when a repossessed property is sold. More importantly, companies have set aside huge amounts in provisions to pay for future claims that they believe will emerge when all repossessed properties are sold.

Most policies cover lenders against losses equivalent to 25 or 30 per cent of the loan. Even so the provisions have had a substantial impact on the bottom line, pushing one com-

pany, Legal & General, into the red for the first time.

Sun Alliance and Royal Insurance, which each control about 20 per cent of the market, reported claims of £30m and £45m respectively. Eagle Star, which has a 15 per cent market share, made a more cautious assessment of future claims, providing £165m in its interim figures. Legal & General made an even more conservative assessment, providing against claims that it believes will emerge when mortgages currently in arrears enter into default.

Mr Chris Hitchens, analyst with stockbrokers Hoare Govett, believes that for the year as a whole mortgage indemnity losses could amount to as much as £1.2bn.

Estate agents are also floundering from low turnover in the market and some have criticised building societies for not putting enough effort into selling repossessed houses.

Mr Trevor Kent, a former president of the National Association of Estate Agents, says the system whereby lenders are reluctant to come to a deal on selling the house with a borrower until the house has been repossessed means that the borrowers are losing both their homes and their credit ratings.

Often the deals that borrowers come to with buyers before repossession are less than what they bought the house for, but still better than a deal struck by the building society several months later when the house has been languishing on the market.

Mr Kent argues that all parties - borrower, lender and insurer - could come to better arrangements.

For housebuilders, the glut of unsold housing is an added burden in one of the worst years experienced.



Out in the cold: Jaroslav Klech looks back at the family home he will soon have repossessed by the building society

## Carpenter who must rebuild a home

By Emma Tucker

IN THE next few weeks the Abbey National building society is due to repossess the home of Mr Jaroslav Klech, a 47-year-old carpenter and joiner.

Mr Klech, who lives in Wallington, Surrey, is one of 73,000 people expected to lose their homes through mortgage debt this year.

His family does not qualify for local authority rehousing - the citizens' advice bureau told Mr Klech he stood virtually no chance, because he has a grown-up son and is in full-time employment.

The family house, which cost £180,000 some five years ago, and was valued at £265,000 18 months ago, will go on the market at less than £200,000. The Klechs' mortgage was

£224,000 after they had the property remortgaged. They fell into arrears in January.

Mr Klech, whose carpentry company went into liquidation at the beginning of the year, looks almost bemused at the tumbling down of his assets since the recession hit. He now works for a small contracting company.

A lifelong Tory voter, he says he will not vote Conservative again. But he reserves most bitterness for the banks.

"The banks were very keen to lend me God knows how much money. I could have borrowed whatever I liked," he said. "Then as soon as they got twitchy they started calling everything in."

In January Mr Klech's bank, the Midland, with whom he

had a £50,000 business loan, suggested he go into liquidation. He had already contacted a liquidator and worked out a package to keep the business alive for three to four months.

Mr Klech believed promises of work would have yielded enough money to save the company. The bank refused. He also contacted his building society, the Abbey National, explaining that he would not be able to keep up his £2,300 monthly repayments.

After two months they asked for the house keys. Mr Klech refused until he found alternative accommodation.

Rents for three-bedroomed houses in the area, where his younger son was still in full-time education, averaged £800 a month. When a court order

arrived from Abbey National's solicitors telling him he had 28 days to leave he chose to make a court appearance.

A sympathetic magistrate gave him two more months. As with the bank, Mr Klech made a number of suggestions to Abbey National to try to prevent eviction. He also suggested his family remain in the house while it was on the market. He said the building society did not respond.

A spokesman for Abbey National said it always encouraged people to contact them as soon as they fell into arrears. Together they looked for ways to reduce the payments or to extend the mortgage. However, they also tried to avoid spiralling the debt, which may mean repossessing the property.

## ITV backs down on BSkyB advertising

By Raymond Snoddy

THE ITV companies have backed down on their refusal to carry British Sky Broadcasting advertisements unless the campaign was changed.

Some ITV companies objected to the line: "Sky: See What You've Been Missing."

The Independent Television Commission has now ruled that it would be unreasonable discrimination to refuse to transmit the advertisements. As a result ITV has cleared the ads for transmission.

When the issue of carrying satellite television ads on ITV first arose in 1989 the then Independent Broadcasting Authority decided the ITV companies should carry advertising as long as it did not denigrate ITV or suggest specific alternatives.

BSkyB, which runs five channels of satellite television, is run by a consortium in which Pearson, publishers of the Financial Times has a significant stake.

## Pay-freeze fear at Independent

By Raymond Snoddy

STAFF at The Independent and The Independent on Sunday newspapers are expected to face a wage freeze as part of a new round of cost-cutting.

Mr Andrew Whitlam Smith, chief executive and editor, is determined to cut costs by considerably more than £2m a year to ensure the papers come through their present difficulties without the need for further re-financing. A wage freeze is likely to last until there is clear evidence that the current deep advertising recession is ending.

A rights issue designed to raise £2.5m, associated with a new £5m loan facility, closed

yesterday. It was underwritten by La Repubblica of Italy and El Pais of Spain, the two principal shareholders of Newspaper Publishing, the company that publishes The Independent newspapers.

The European groups already own a 14.9 per cent stake each in Newspaper Publishing, and this is likely to rise as a result of the rights issue. It will not, however, go to nearly 40 per cent, the maximum possible if the entire issue had to be underwritten.

The founders of the company will not be taking up their rights, amounting to 2 per cent of the whole. Instead they have

options which they can exercise between September 1994 and 1996 at the current rights price of £2.50 plus annual interest of 5.5 per cent.

The board is also likely to decide to appoint a managing director to take over day-to-day running of the company, allowing Mr Whitlam Smith to concentrate more on editing.

Mr Whitlam Smith is expected to retain the title of chief executive as well as editor. In the six months to the end of March, Newspaper Publishing made a pre-tax loss of £6.4m, including £1.9m in redundancy costs.

Pains of Independence, Page 7

DAF

## Extraordinary General Meeting of Shareholders

The DAF N.V. Extraordinary General Meeting of Shareholders will be held on 30 September 1991 at 2 PM at DAF N.V., Hugo van der Goeislaan 1, Eindhoven, The Netherlands.

## The agenda is as follows:

1. Opening.
2. Proposal to amend the Articles of Association in order to be able to issue convertible cumulative preference shares.
3. Closure.

The agenda and amendments of the Articles of Association are available for inspection at the Company's Head Office, Communications Department, at Hugo van der Goeislaan 1 in Eindhoven, The Netherlands and also at the main offices of the Amsterdam-Rotterdam Bank N.V. in Amsterdam, the National Westminster Bank PLC in Crawley, the Generale Bank in Brussels and the Swiss Bank Corporation in Zurich.

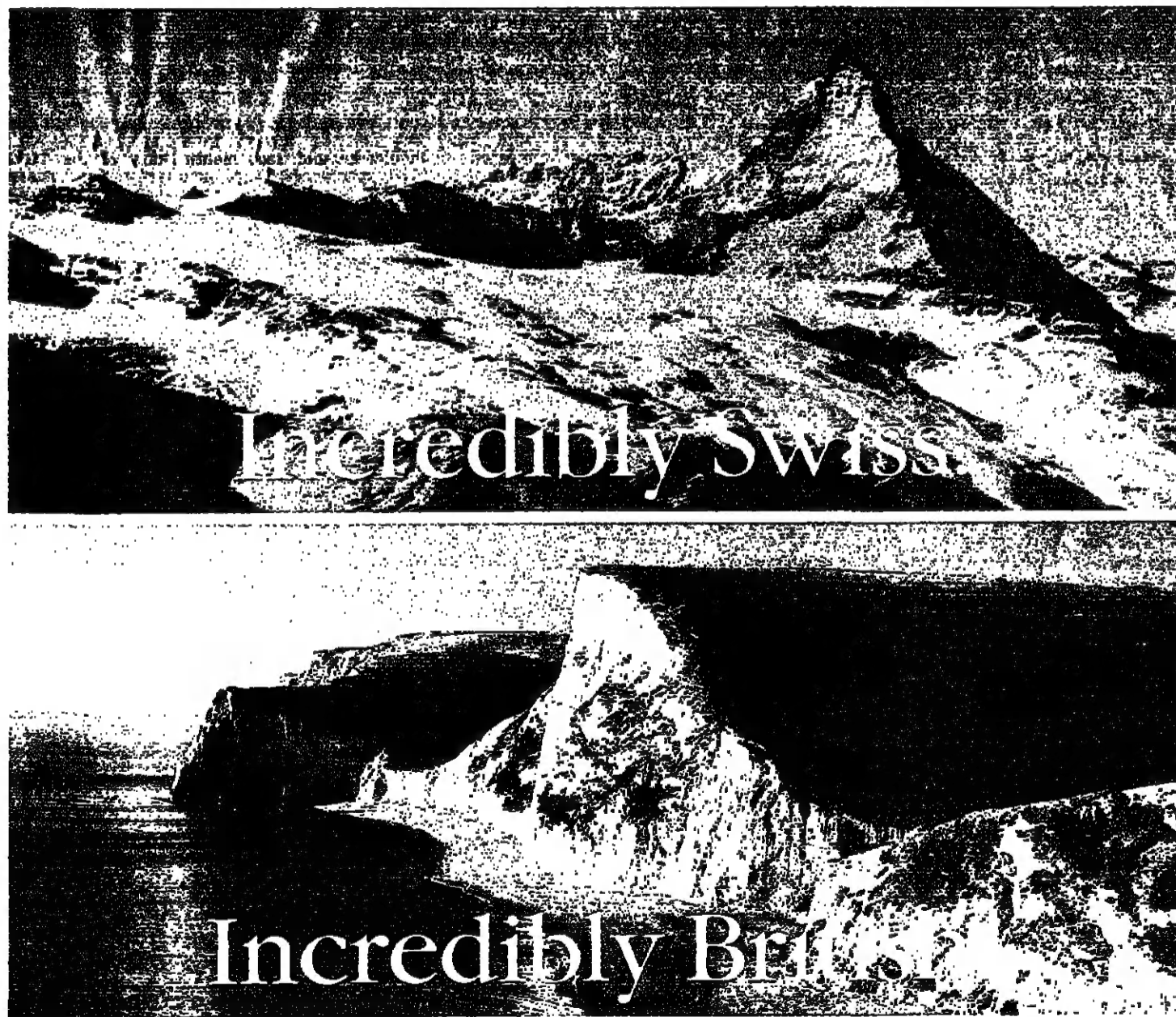
To be admitted to the meeting holders of shares to bearer should show their certificate of deposit of shares. Shares should be deposited with one of the following banks on 27 September 1991, 3 PM, at the latest: Amsterdam-Rotterdam Bank N.V., National Westminster Bank PLC, Generale Bank, Swiss Bank Corporation, NMB Postbank Groep N.V., Rabobank Nederland and Deutsche Bank AG.

DAF N.V.

Supervisory Board

Board of Management

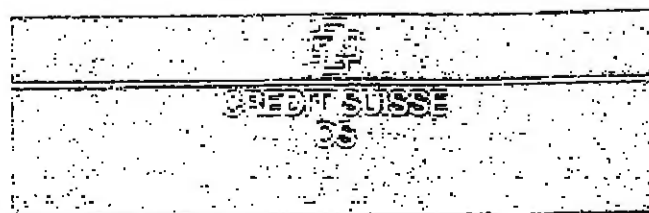
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# FINANCIAL TIMES

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Weekend September 14/September 15 1991

## Window of opportunity

THE GOVERNMENT has not decided whether to join further moves towards economic and monetary union within the European Community. But any British government would be appalled to find that the UK was unequalled to do so: at present, however, the UK is. More precisely, the UK should not wish to join the sort of ERM that would have it as a member. Current self-congratulation on the decline in inflation should be forgotten. The UK has not yet converged on the best European standard. The next year may offer the last chance to achieve that goal for many years.

With the tabling of what the Dutch government labels a "non-paper", the debate on ERM has at last been reopened. It may be a "non-paper", but it does not raise non-issues. Its starting point is that if a new European money is to be as good as any existing money, then it can only be adopted by countries that have demonstrated their ability to live within the requisite discipline.

Inflation should, say the Dutch, be close to levels achieved by the member state with the best performance; the fiscal position should be sound; the currency should have remained within the narrow bands of the exchange rate mechanism for some years; and interest rates should be close together. Neither Italy nor the UK now meet these standards, to the public anguish at least of the former.

An ERM on any other terms would be political adventurism and, as such, far more likely to undermine than to strengthen the European Community. ERM is, after all, intended to represent an irreversible commitment to a common economic and monetary policy. It is quite a different matter from the European Monetary System, which has allowed room for a lot of trial and error.

### Fiscal position

The UK is near, and yet so far. Headline inflation was 4.7 per cent in the year to August, only a whisker higher than in Germany. Interest rates in the UK, both long and short, are only about a percentage point higher than in Germany; the UK's fiscal position is better than Germany's, and the government has settled its war happily within what would be its narrow band around its central rate. Since the move to Stage Three of ERM is not expected to occur before 1997, the question of the UK's convergence would seem to be decided.

Appearance is misleading. In so doing, they inevitably reinforce the current almost total concentration on the chances of

imminent recovery. That concentration itself indicates why full convergence will be so difficult to achieve.

People are far too inclined to believe convergence has been achieved when it has not. The more desperate will see the half a percentage point cut in the US discount rate, to the undying level of 5 per cent, as an example for the UK, whose interest rates, despite the decline of the past year, are more than double that level. But the UK is not the US. It has tighter constraints and a different objective. Interest cuts in the UK have now gone almost as far as they can, and almost as far as they should.

### German standard

One reason the UK's convergence looks so satisfactory is that Germany has experienced a shock that has driven up inflation and budget deficits to non-germanic levels. It would be foolish to expect them to remain there. The Bundesbank remains determined to get inflation back to 2 per cent. The standard is not German now, but Germany as it once was and will almost certainly be once more.

For the UK this means that unit cost inflation in the production of tradable goods (principally manufactures) must fall to around zero. That is consistent with wage inflation of around 4 per cent. It may be difficult to see the underlying increase in average earnings down to 7½ per cent once more. But the decline so far merely wipes out the inflationary impact of the Lawson boom. Wage inflation is still double what it needs to be.

Getting wage inflation down to 4 per cent would be a notable achievement. But even that might not be enough. Over the year to June, unit costs in manufacturing rose by almost 11 per cent, a loss in competitiveness that will have to be recouped. Furthermore, sustained growth will require sustained improvements in competitiveness.

The present high rate of German inflation gives the UK a little extra time. But it is also only while unemployment is rising that the UK has any chance of achieving its goal. Pay settlements will need to have fallen to around 3 per cent by the time the rise in unemployment levels out, perhaps a year from now. The window of opportunity is small and will include an election. From time to time, therefore, stop praying for recovery. Remember, instead, where inflation needs to be if the UK is to have even the opportunity to drive in the fast lane of a two-speed Europe.

Urban regeneration on Tyneside is "setting an example that many other countries within the European Community are keen to follow," the Tyneside Development Corporation said when its annual report was published last week. "In Tyneside and Wear," the report added, "we have cracked the problem."

Within days of the report's publication, rioting had spread across half a dozen Tyneside housing estates lying cheek by jowl with some of the corporation's showcase projects. The Newcastle area found itself undergoing disturbances similar to those which hit other UK cities such as Liverpool, Birmingham and London in 1981.

Mr Alistair Balls, TWDC chief executive, is putting a brave face on the events. The problem which had been cracked, he now says, was of finding a mechanism to consult and involve local communities in urban regeneration.

But Mr Balls's gung-ho claims of a week ago are seen by some as further evidence of a disturbing tendency to talk up the region without attacking its underlying problems. The development agencies are desperate to radiate confidence about the region's economy and abolish the north/south divide.

"The hype is almost an act of faith," says Dr Fred Robinson, a researcher and lecturer in social policy at Durham University. "It stifles debate about the region's present condition and the options available."

Those problems remain severe, and they translate into urban riots for exactly the same reasons which emerged from the analyses of the 1981 disorders.

Chief among these is unemployment, particularly among young people with no qualifications. In some Tyneside estates which have seen rioting this week, fewer than one in five adults is in employment. In most cases, they have no stake in society, and they have equally little hope of acquiring one.

The consequence of unemployment, heightened by the breakdown of family structures and a crippling demotivation, is grinding poverty. A simple indicator of this is the virtual absence of cars on some estates, unthinkable even in the most deprived parts of the south of England.

Glib generalisations about the revival of the Tyneside economy are often based on a flying visit to the splendidly restored Victoria Central of Newcastle, combined with an expedition to the modernistic MetroCentre shopping complex in Gateshead. But the housing estates which ring the city centre support a poverty-line lifestyle which would be familiar to readers of Orwell's *The Road to Wigan Pier*.

Certainly the recession has not yet hit the north of England to the extent

Local authority leaders yesterday met Mr Kenneth Baker, the home secretary, to demand greater police resources in the wake of this week's inner-city disturbances.

The spate of lawlessness increases the likelihood of law and order becoming a general election issue. But what precisely is the issue? The causes and cures of the problem are complex - none of the council's leaders at yesterday's meeting believes that more police officers and tougher sentences offer the complete solution.

Neither do their chief constables. Faced with a steadily rising crime rate - national figures published yesterday showed a record 18 per cent increase in recorded offences in the 12 months to June 1991 - many senior police officers speak increasingly about the social causes of crime.

Most crime is a youthful activity which grows out of - almost half of known offenders are under 20.

John Willman and Chris Tighe explain why Tyneside's estates were wracked by rioting

## Rebels against their own locality



Riot aftermath: police patrol past a burned-out car used for "joyriding" in Newcastle

it has the south - but the region starts from a base of much higher unemployment. Well-publicised inward investment projects by Japanese companies such as Nissan and Komatsu have not compensated for the loss of jobs arising from the closure of other plants. And even long-standing manufacturing companies like Vickers no longer need droves of unskilled labour.

The contrast between the haves and the have-nots is accentuated by those parts of the local economy which are booming. The housing estates on the west of Newcastle, for example, look down on the development corporation's Newcastle Business Park, where hardly any of the 800 jobs so far created have gone to local people. Poverty breeds idleness, relieved in

many cases by petty crime, joyriding and worse. This week's riots can be seen as another stage in a rising tide of lawlessness which has already burnt out many buildings on the housing estates. Supermarket chains have long since given up the struggle against break-ins and vandalism.

For the under-resourced police, these estates increasingly become no-go areas. The less law-abiding inhabitants begin to relish the battle of wits with the forces of law and order - Thursday night's disturbances in Scotswood, a suburb of Newcastle's West End, were advertised on posters saying "Scotswood riot - 8pm tonight". But police relations deteriorate even with upright citizens who feel abandoned and ignored by the forces of law and order, and even

humped into the general category of "scum" because of where they live. "The police say we want you to tell us things, but they don't protect us if we do," according to one Meadow Well shopkeeper, who understandably wanted to remain anonymous. "I told them about another shopkeeper who was a fence, but they didn't do anything."

The final element of the cocktail is the "copycat effect", the undoubted influence on such events of media coverage. As in 1981, disturbances begin in one city and spread to another (often with different underlying causes). The youngsters on the streets are certainly aware of their media impact and the arrival of TV crews with their lights can act as a beacon for trouble.

## The search for a solution

Alan Pike on responses to growing lawlessness in society

The peak ages of criminal activity are between 15 and 18 years for males and 15 for females. Remarkably, one-third of males will have collected at least one conviction for a relatively serious offence by the time they have reached the age of 31.

This week's disturbances remain exceptional events. But burglary, violence, drug offences, vandalism and crimes involving motor vehicles are commonplace in many deprived inner-city areas and estates.

High crime rates contribute to a police response which, in spite of the efforts of many forces to adopt a more sensitive community-based style since the riots of the early 1980s, provokes frequent allegations

of over-reaction and harassment. The increased likelihood of young people in deprived inner-city areas and estates being tempted into crime is compounded by a range of other social problems including poor housing, low levels of educational attainment and high unemployment. The number of 15-19-year-olds without jobs rose from 131,000 in April, 1990, to 185,000 in April, 1991.

Community workers tell of young people with too much time on their hands, living aimlessly lives which are increasingly isolated and alienated from "mainstream" society. Since many deprived areas are likely to suffer high unemployment for a long time to come, one possibility

would be the greater use of community service schemes to motivate young people. Suggestions for compulsory community service schemes have traditionally been dismissed as akin to military conscription, but Mr David Pichaud, the professor of social administration at the London School of Economics, argues in the *Journal of Political Economy* that it is absurd for Britain to use community service as a penalty for criminal behaviour rather than on a wider basis, involving young people in community service could, he believes, "act as a major integrative force in society".

The Prince of Wales, a long-standing enthusiast for this idea, last year launched Volunteering, a scheme to involve young people in community activities. A Volunteering scheme based on a Newcastle estate is under consideration.

The thrill of notoriety - and of breaking glass, throwing half-bricks and setting fire to buildings - provide an added element of "fun". Even some of those not actively participating see the entertainment value - like the residents, out on their doorsteps, who videoed a blazing flat.

These factors are present - in different proportions - in each urban riot. It has been a peculiarly inchoate form of rebellion on Tyneside, in which the chief target of the rioters has been their own immediate environment.

On the North Shields Meadow Well estate where the week's disturbances started, for example, only buildings on the estate were attacked. The community centre, most of the few (mainly Asian-owned) shops, empty houses and the electricity sub-station were put to the torch. The aim was to lure the police out to the estate to wreak revenge for the death of two local joyriders - a presidential entourage, some admirers insisted - in a high-speed chase. Rather better stocked shops on the owner-occupied housing estate across the road were not touched.

On Thursday night, the riots in Scotswood targeted the local post office, where those on state benefits must cash their giro cheques. The police broke up the crowds before they could hit the other targets on their list, said to include a doctor's surgery, two schools and the local working men's club. Asian shopkeepers in the area believe that they will also be hit - even though they are the only people left serving the area.

The rioters are mainly men and boys between 15 and 25, though some much younger children appear free to roam the streets at midnight. Dressed in the standard uniform of shell suit and trainers, they find it hard to explain why they attack local amenities.

"It's just to get back at the police," said one teenager after the Meadow Well riot. "We want to get the truth out, that the police killed those lads. The police are murderers."

"It's the police's fault - they should say sorry," said another. The depressing conclusion is that for this generation of rioters, it will be hard to see any escape from long-standing deprivation. For the next generation, the best hope lies in the inner-city initiatives which seek to regenerate estates by drawing together community groups, local business, council departments and government agencies.

The aim of the initiatives is to persuade those who live on the estates to develop a new vision for their future, and to have the confidence to work towards achievable targets. The riots will be a setback in that process, especially if such painstaking efforts are allowed out of the way by some quick fix which, national politicians can latch on to.

ing enthusiast for this idea, last year launched Volunteering, a scheme to involve young people in community activities. A Volunteering scheme based on a Newcastle estate is under consideration.

Sileen Bowman, who is responsible for Volunteering in Cheshire and also manages the National Association for the Care and Resettlement of Offenders' youth training in the city, would like to see the scheme enlarged. "But one of the most essential elements of Volunteering is that it brings together young people from a range of social backgrounds. We have mixed young offenders from deprived backgrounds with successful graduates and they have gained from contact with each other."

The question of how to give Britain's disadvantaged young people contact with a wider culture than the one found on their own depressed streets is, perhaps, one of the most fundamental questions raised by this week's disturbances.

Dick Evans would probably have liked to have been portrayed as "man in the news" any week except this one.

During the last few days, British Aerospace's chief executive, a relatively discreet public figure for the last 18 months, has been propelled on to the front stage with his company's announcement that its pre-tax profits would nose-dive this year (to about £150m from £378m last year) and that the company would take a £250m exceptional charge for restructuring in the second half.

His colleagues say he thrives on adversity. This week he has been given the chance to show it, especially as he has been made to take a higher profile now that Professor Sir Roland Smith, BAe's chairman, has decided to step back and adopt, in the professor's own words, "an elder statesman" role.

Since the launch of its £432m rights issue this week and its far worse than expected financial results, BAe, one of the country's biggest manufacturing companies, has been engulfed in controversy and its shares have lost a quarter of their value in a single week. But in his shirt sleeves and with his bluff, plain speaking manner, Mr Evans seems to be taking the situation on the chin without appearing to lose any of his characteristic confidence or long-term optimism. "The UK recession has been a hell of a lot deeper and the rate of decline occurred quicker than we projected," he admits. "I've been in this job 18 months and made a lot of effort in putting together a cohesive strategy for BAe."

The strategy, he explains, is to build on BAe's inherent strengths to make it number one or two in its core sectors, consolidating and diversifying into new civil sectors for the past 10 years. But Mr Evans has had to accelerate this process because of the twin consequences of the post-Cold War decline in the defence business and the recession which has conspired to hit all of the company's main civil activities. Mr Evans has decided to make the additional restructuring costs over seven years. These efforts will lead to several hundred million pounds of annual savings, Mr Evans says.

## MAN IN THE NEWS

Dick Evans

## Super salesman who wields the broom

By Paul Betts



at a turning point."

Inside the company he commands considerable loyalty, far more, his colleagues claim, than his suave and worldly predecessor, Sir Raymond Lygo, who, unlike Mr Evans, was at constant loggerheads with Professor Smith. A stocky Blackpool man with a moustache, the 49-year-old Mr Evans is not the urbane sort of figurehead one associates with an institution such as BAe. But he is a strong motivator, reflecting that down-to-earth professional ethos of northern technically-orientated company men.

He is also a super salesman - perhaps the best BAe has had and the architect of the huge Saudi Arabian Al-Yamamah defence contract which has already produced more than £200m of revenues for the company. His Saudi connections, and the Saudi goodwill he has commanded, were believed to have been among the factors in his appointment as chief executive.

Mr Evans has risen quickly up the internal ladder. From a contracts officer at the Warton

military aircraft plant in Lancashire in 1969, he was later responsible for setting up Jaguar fighter aircraft production in India. He became BAe's marketing director in 1987 and head of the group's defence companies the following year.

He will now have to deploy all his marketing skills to restore institutional and market confidence in his company which, he readily acknowledges, remains misunderstood because of the complexity of its structure and diverse activities - ranging from military and civil aircraft, to cars, property and telecommunications.

Restructuring is not new at BAe. The company has been consolidating its aerospace operations and diversifying into new civil sectors for the past 10 years. But Mr Evans has had to accelerate this process because of the twin consequences of the post-Cold War decline in the defence business and the recession which has conspired to hit all of the company's main civil activities. Mr Evans has decided to make the additional restructuring

ing at one go with a £250m write-off in the second half. "We are tackling the problem head-on," he explains. "Our challenge is to ensure the necessary resources for our capital-intensive businesses with big potential for growth like the Airbus programme, for example. At the same time we must handle the short-term pressures in the market: the decline in defence spending, the car slump and the continuing overhang of the Gulf war on the airline business."

These difficulties have been compounded not only by cutbacks in defence spending but by the UK government's more competitive defence procurement policies. BAe can no longer rely on a predictable home defence market and is having to adapt accordingly.

All this has forced the company to take a more aggressive approach to restructuring. "There will be even more cuts on the shelf," Mr Evans warns. "We will have 37 sites in this country." By 1993, BAe will have spent about £1bn in

restructuring costs over seven years. These efforts will lead to several hundred million pounds of annual savings, Mr Evans says.

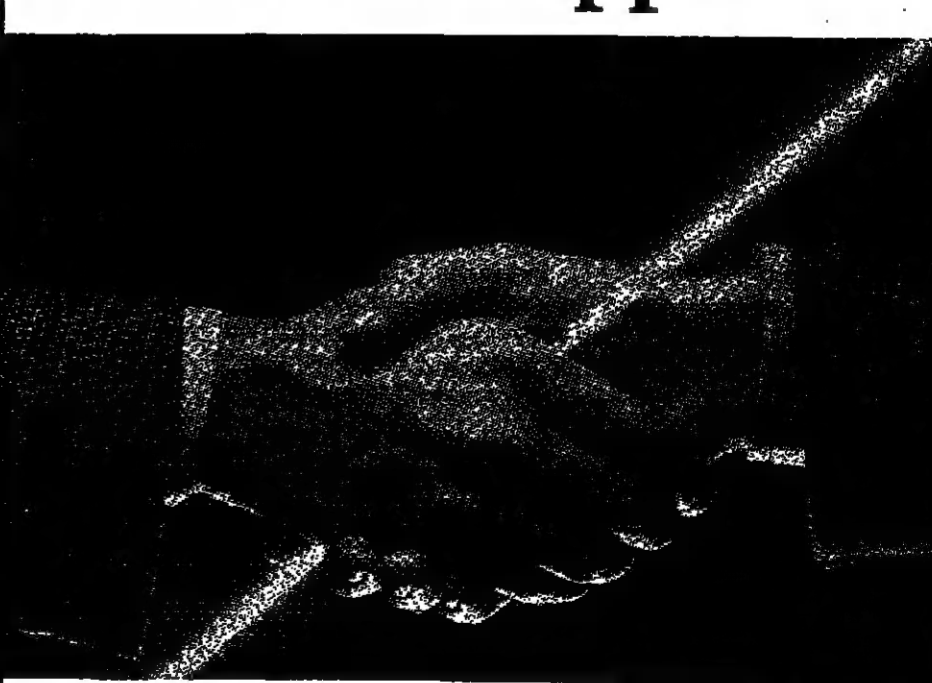
Did the management misjudge the scale of the problems facing the company? "We were perhaps a bit optimistic about recovery prospects after the Gulf war. All the cycles of our businesses went wrong at the same time," he says candidly. But he becomes quickly irritated by what he regards as superficial analyses of the company's problems and challenges. He bristles at suggestions that the company should have foreseen the need to speed up its restructuring ahead of the current downturn. "It's easy to be a smart Alec."

Although Mr Evans sees no signs of an early recovery in the company's main markets, he emphasises that there are no "black holes" in the company. However, with little prospect in the next couple of years of the company producing the sort of pre-tax earnings investors had been expecting before the beginning of this week, Mr Evans and his team will have to be particularly persuasive to restore City confidence in the group.

He does have one big trump card. If he succeeds in negotiating rapidly the implementation of the long-awaited second phase of the Al-Yamamah contract, sentiment in the company's fortunes are likely to swing round quickly. Although the second phase in the Saudi contract - the world's single largest defence export order - would not have any immediate impact on earnings, it would underpin for the next 10 years the company's defence business, which still accounts for most of BAe's earnings.

Negotiations are continuing and there is every indication that phase two is required," Mr Evans says. This would ultimately support continuing annual sales of about £2bn a year for the rest of the decade. Large as this figure may seem, it is the equivalent of the company's annual wage bill. That is the scale of the challenge now facing Mr Evans.

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## UK COMPANY NEWS

## Brent Walker delivers ultimatum to Lonrho

By Roland Rudd

BRENT WALKER yesterday gave Lonrho a deadline of midnight on Tuesday to agree to a series of strict conditions for proceeding with its rescue proposals for the financially stricken leisure group.

The move took the steering committee of its 47 banks by surprise.

A senior member of the committee yesterday said the company has issued the ultimatum without seeking the approval of the banks, some of which had recently suggested that they might be willing to consider seriously the Lonrho proposals.

In a confidential letter from Hill Samuel to Hambros Bank, Brent Walker told Lonrho that it would only consider its rescue offer if it could provide the following guarantees in writing:

● The due diligence audit of the company would have to be completed within 48 hours. Lonrho recently agreed a condition set by the banks to conduct a financial investigation within three weeks.

● A loan facility would have to be provided by Lonrho during the due diligence exercise but it would have no standing against other Brent Walker creditors' claims. The interna-

tional trading company originally agreed to provide a bridging loan while it conducted its financial investigation of the company. But it stipulated that its loans should rank above claims of all other creditors.

● If the first two conditions are met, Lonrho would be expected to make an unconditional offer for Brent Walker.

A Lonrho director immediately rejected the proposals. He feared that unless Brent Walker's banks intervened to water down the conditions the company would yet again be faced with liquidation.

Brent Walker yesterday said that its needs were different to those of the banks. Its directors had to have firm written guarantees from Lonrho in order to decide whether it was lawful to continue trading given the serious financial condition.

Hill Samuel is working on new proposals to offer Brent Walker's shareholders in the event of Lonrho rejecting the bank's offer.

The bank is hopeful that it can produce a formula which would offer bondholders greater security without the banks having to sacrifice too much value.

However, several of the bondholders re-iterated their



Tiny Rowland: strict conditions demanded

opposition to any proposals linked to the banks' reconstruction plans, which were rejected earlier in the week.

One bondholder yesterday said: "There is no way that we are going to consider any new proposal linked to the banks' reconstruction plan."

## Eagle Star to quit mortgage insurance pool market

By Richard Lapper

EAGLE STAR, the insurance subsidiary of BAT Industries, is to quit the pooled mortgage insurance market.

This market allows mortgage lenders such as National Home Loans Corporation and the Household Mortgage Corporation - which lack a retail network - to raise funds by securitising pools of their own loans for sale on the capital market.

Eagle Star, which, together with Sun Alliance, controls about 80 per cent of the market, is to withdraw after providing for claims of £20m.

These claims, incurred over a number of years, compare with annual premiums of about £10m and were fully provided for when Eagle Star announced last year that it was to withdraw from the market.

The news could spark further worries about the mortgage insurance market following disclosures during the last month of the extent of insurers' provisions against domestic mortgage indemnity claims (which insure lenders against losses arising from default of individual mortgages).

Eagle Star itself is making provisions of £121m and this week Legal & General said it was to make provisions of £24m for claims.

However, losses from pool policies are not expected to be as serious as those arising from domestic mortgage indemnity policies. Both domestic mortgage indemnity policies and pooled mortgage policies cover losses that arise when a lender is unable to recoup the full value of a mortgage after the sale of a repossessed property.

Mortgage indemnity covers losses down to 70 per cent of the value of the mortgage. Losses arising when a lender is unable to recoup less than 70 per cent of the value of a mortgage from the sale of a repossessed property fall on the pool, which effectively provides a form of catastrophe insurance. Within the pool arrangement the lender usually carries a deductible, equivalent to 1 per cent of the value of the pooled mortgages.

Eagle Star will retain an involvement in the domestic mortgage indemnity market although it will seek to increase premiums. Last year the group withdrew from the market for the insurance of commercial and residential development loans, announcing later that it was providing for losses of £200m on this business.

The placement would have been to Mr Richard Carling, a businessman with clothing industry interests including half of Together, a joint venture with Otto Versand, the German group. It would have lifted his interest in the enlarged Ramar to 29.9 per cent.

Wills calls for £1.7m in refinance package

Wills Group, the marketing services and automotive products maker, has announced a rights issue and capital restructuring. It is raising £1.7m through a 6-for-1 underwritten rights issue at 3.5p per share. Some £1.5m of the proceeds will be used to repay loans and the remainder to provide additional working capital.

The refinancing proposals also involve Wills' bank capitalising the balance of their loans £450m into 2.4m new convertible redeemable 11 preference shares, a capital reduction to reduce the nominal value of the shares and to cancel the share premium account and the reduction or elimination of the deficit on the profit and loss account.

About 90m new A 1p shares will be issued, and up to 11.2m warrants on the basis of one for every five shares taken up. The warrants carry the right to subscribe for one new share at 5p between January 1 1992 and February 1 1994.

The shares closed 3p down at 5p.

Losses per share came to 0.4p per share (earnings 0.1p). The bank said that it had raised its provisions against bad lending, but declined to give details.

But ironically, the run-up to the demerger has fuelled speculation about a hostile bid for the remaining Racial Electronics, stripped of its 50 per cent stake in Racial Telecom, which it will distribute to Racial Electronics shareholders.

The speculation has been partly responsible for the sharp rise in the price of the Racial "Special Ex" shares, representing Electronics without Vodafone, which have been

## Last-ditch stand against the US siege

Bronwen Maddox on Molins' vital EGM in its fight against Leucadia

A PART FROM clocking up three chairmen and since managing directors in four years, remarkably little has changed about Molins' business, one of its large shareholders commented dryly yesterday.

Mr Michael Orr, since May the occupant of the top seat at the Milton Keynes-based precision engineering group, knows he has a case to prove. On October 1 at an extraordinary general meeting, Molins will defend its independence for the fifth time in four years.

Leucadia, the US manufacturing and financial conglomerate and 48.5 per cent shareholder in Molins, will try - for the second time since its May 1990 takeover bid was rejected - to seize board control by replacing three Molins directors with six of its own.

Molins' success depends on convincing shareholders that it has addressed the problems that lured the bidder: an erratic profits record, alleged neglect of new products, and a tempting pension fund surplus.

Certainly on the first point Mr Orr can afford to sound relaxed. Pre-tax profit has risen by 72 per cent to £15.2m in 1990 since the 1988 slump and earnings have more than doubled to 36.5p (16.3p).

The criticism of under-investment in tobacco machinery manufacturing, the main engine of profits, is less straightforward.

Mr Orr rejects the challenge that Molins' cigarette-making technology has advanced little since the early 1980s. He points to continued R&D spending of about 58m a year, 4 per cent of 1990's turnover. The latest development, the Passim 7000

maker of high-quality cigarettes, should start shipments within months.

The second battlefield has been the pension surplus. Valued by Molins' actuaries at £85m, it is by any standards a hefty chunk of the present £100m stock market value. The emphasis Leucadia gave it in the March 1990 offer documents has prompted City comments that the US company was primarily interested in Molins for its break-up value.

But the value may not be what it seems. Molins is free to take a holiday from contributions to its pension scheme based on that £85m valuation. But the cash it could distribute back to the company is limited by the actuarial definitions in the pension legislation, and those indicate a much lower surplus of only £35m-£40m.

It is, however, taking the steps to release that money, by constructing a new trust with the required powers.

After 18 months under siege from Leucadia, this might seem an approach relaxed to the point of complacency - or exhaustion. Certainly those who think hostile bidders are a spur to sleepy management will hardly find Molins a textbook example.

He acknowledges too that the siege has brought its own strain. Defence costs alone have run to £25m-£30m and "understandably" customers worry, and it may have restricted our ability to recruit some key staff."

New in the job, Mr Orr is hardly going to add himself to that list. Indeed, he has impressive credentials though no manufacturing pedigree. Previously head of investment banking at Merrill Lynch Europe, he has also been a senior director of SG Warburg and group finance director of Grand Metropolitan, the food and drinks group.

He will get a first answer on the future of his job on October 1. As shareholders rejected Leucadia's proposal last year to reshuffle directors, it would be surprising if they passed it this time. Not just because they have been "wounded" by Molins' improved profits, but because many have objected to Leucadia gaining control without making a full offer to shareholders.

"It is certainly within the letter of the Takeover Code, which governs takeover procedure on the London Stock Exchange, but it is inequitable," says one large shareholder.

The shareholders are few but vocal - 25 own 50 per cent with M&G the largest with 18.1 per cent - and a mere 500 shareholders holding the 1.5 per cent balance.

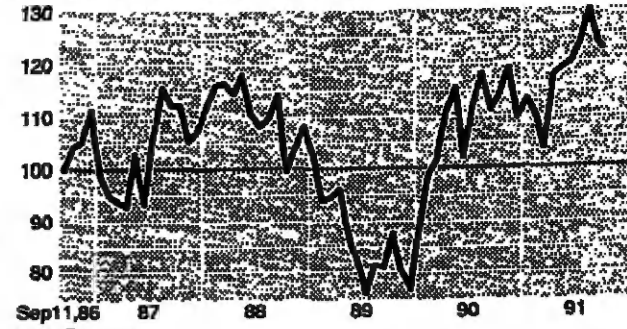
The battle hardly ends in October. Even if Leucadia's proposals are rejected, it is still allowed to buy a further 2 per cent a year, which could give it a 50.5 per cent majority shareholding next August.

That seems inevitable, unless Molins' leaders more shares in the year and dilutes Leucadia's holding. Hence the significance, some feel, in Molins' own resolution at the October EGM to get shareholder permission to increase the share capital by about 27 per cent at its own discretion. Not an unusual proposal for a habitually acquisitive company, but that has hardly been Molins' past style.

That raises the question of whether Molins will finally be pushed into departing from its unruffled approach and into making a large acquisition - or whether its shareholders will let it.

## Molins

Share price relative to the FT-Actuaries All-Share Index



Source: Datastream

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## 1992 pay-out for B&amp;C creditors

By Norma Cohen, Investments Correspondent

ADMINISTRATORS for British & Commonwealth Holdings have raised £374m from the sale of assets of the financial services group, and creditors may receive their first distribution early next year.

Mr Stephen Adamson, of Ernst & Young, administrator for the group, said in the half-yearly report to creditors that £83m has been raised in asset sales over the past six months and that disposals were continuing.

The report makes clear that while creditors will be receiving a portion of their funds, there is no prospect of any returns to shareholders.

Meanwhile, administrators are still considering a flotation of Exco, B&C's money-broking arm, in the absence of a suitable third-party bid for what had been considered the

group's most profitable division.

Mr Adamson said: "Exco is trading profitably," although its performance has been hampered by a recent slowdown in business. Exco's management have taken a number of steps to make the unit a more attractive asset for flotation, including the agreement of a cross-broking arrangement with a German firm.

SG Warburg is advising on the timing of the possible flotation.

Creditors of British & Commonwealth Merchant Bank can expect to receive a dividend of 43p in the pound in early October, for a total return of £150m. Since the voluntary arrangement to realise its assets was agreed, liquid assets have risen while expenses have declined, making it likely that creditors

will eventually be repaid the £330m they are owed.

Separately, the administrators intend to pursue litigation against Quadrex Securities and Samuel Montagu, its adviser, at a hearing set to begin on April 22 1992. They are seeking £300m, less £20m-£30m a judge has ruled Quadrex can collect from B&C to compensate for non-fraudulent misrepresentations during talks on the sale of its wholesale broking division.

The administrators said they will seek to collect from both Quadrex and Montagu. "We have to take a view as to who is more able to pay," said Mr Peter Phillips, legal adviser to the administrators.

Thus far, B&C has paid its administrators £7m in fees and paid another £15m in accountancy and legal fees.

## Receivers called in at Ramar

By Richard Gourlay

RAMAR Textiles, the troubled supplier to Marks and Spencer, has called in administrators to recover a day after shareholders were due to have approved a financial restructuring.

Grant Thornton, the receivers called in by Ramar's banks, said the receivers had been negotiating "with an interested party and a deal is said to be imminent." Mr Alan Grist, chairman of Grant Thornton, said that if

the deal went through the 510 strong workforce would not be taken over by the purchaser.

On Tuesday when Ramar's shares were suspended at 14p, the company said its poor financial position had caused production difficulties which meant it was unable to meet orders.

As a result Samuel Montagu withdrew its underwriting for a rights issue and share plac-

ing which would have given the company £5.4m of new funding.

The placement would have been to Mr Richard Carling, a businessman with clothing industry interests including half of Together, a joint venture with Otto Versand, the German group. It would have lifted his interest in the enlarged Ramar to 29.9 per cent.

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But ironically, the run-up to the demerger has fuelled speculation about a hostile bid for the remaining Racial Electronics, stripped of its 50 per cent stake in Racial Telecom, which it will distribute to Racial Electronics shareholders.

The speculation has been partly responsible for the sharp rise in the price of the Racial "Special Ex" shares, representing Electronics without Vodafone, which have been

trading on the grey market since September 2.

Whether or not a bid materialises, the price at which the Racial rump is trading already supports Sir Ernest's view that the market had consistently undervalued its non-Vodafone businesses.

When Sir Ernest announced the demerger nearly a year ago, he argued that the Electronics share price implied the rump companies had a negative value.

But the "Special Ex" price, which has risen from 34p on September 2 to 45p yesterday, has surprised many analysts.

The bid speculation is based on the theory that the rump of Racial - containing defence, radio, data communications interests and Racial Chubb, the security company - has recovery potential and is undervalued.

On the other hand, some

## Bid speculation surrounds rump of Racial Electronics

By Richard Gourlay

MONDAY September 16 is D-day for Racial Telecom, the operator of the Vodafone cellular telephone network, when it finally parts company with Racial Electronics.

The £3bn demerger one of the largest corporate break-ups in history, brings to the FT-SE 100 index a company which has enjoyed a decade of strong growth within Sir Ernest Harrison's electronics company.

But ironically, the run-up to the demerger has fuelled speculation about a hostile bid for the remaining Racial Electronics, stripped of its 50 per cent stake in Racial Telecom, which it will distribute to Racial Electronics shareholders.

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## Acis drops into £1.3m midway loss

By Peter Pearce

Acis Group, the continuity sales promotion, interior design and recruitment group, reported a loss before tax of £1.3m in the six months to June 30.

Mr Neil Balfour, who took over as chairman following the resignation of Mr Darryl Phillips, who transformed Acis into a marketing services company from the shell of a former jewellery retailer, said that the results were not comparable with the same period of 1990 when profits of £3.75m were made.

In the first six months of 1991, the group had undergone a restructuring and refinancing, "necessary to ensure the continuation of the group".

Both the burden of debt and the future earn-out obligations needed to be "significantly" reduced.

The media sales division and the US design business were sold, jobs were cut in the recruitment and interior design divisions, the board was reorganised and reduced in size and the head office has been relocated.

Group turnover declined to £15.6m (£25.5m) though turnover from continuing operations rose to £13.4m (£12.8m). Continuity sales promotion made operating losses of £222,000 (profits £58,000); interior design lost £164,000 (profits £248,000); and recruitment was a profit of £114,000 (losses of £25,000).

An exceptional charge of £111,000 was the loss on foreign currency borrowings and interest payable jumped to £98,000 (£163,000).

Below the line extraordinary costs of £2.9m related to closures and disposals of subsidiaries and businesses, restructuring and refinancing costs, and provisions for loans.

Losses per share came to 0.7p (earnings 3p). The interim dividend is passed (0.4p).

Mr Alan Sugar and Mr Terry Venables, who now control Tottenham Hotspur football club, have lost £1.5m to help reduce bank debt.

This is most of what remains of the £7m-plus they had available to buy shares in the club - their 70p-a-share offer attracted a 63 per cent take-up and help refinances it.

Mr Colin Sandy, finance director, said the loan, plus strong season ticket and box sales, had reduced the company's overdraft by "quite a few million" from the £10m-£11m it owed Midland Bank some months ago. The loan was at base rate whereas the bank added 2 per cent.

Debt had been reduced in spite of the £2.2m purchase (partly deferred) of Scottish international Mr Gordon Durie. No money had yet been received for the injured Mr Paul Gascoigne. Negotiations were continuing with the Italian club Lazio.

Mr Sandy said a rights issue was still being looked at, but it could not be launched as quickly as he had hoped.







CO-EXCHANGE  
title read

# Recession catches up with Intel

**By Louise Kehoe in San Francisco**

The company's sales for last year were \$3.92bn, up from \$3.18bn in 1989.

		Close		Previous		High/Low	
<b>SOYBEAN MEAL, 100 lbs, \$/ton</b>							
		Close	Previous	High/Low			
Oct	19.84	19.83	19.71	19.80			
Sep	19.84	19.71	19.47	19.83			
Dec	19.84	19.82	19.24	19.85			
Mar	19.84	19.77	19.55	19.85			
May	19.84	19.73	19.50	19.85			
Aug	19.84	19.63	19.10	19.85			
Nov	19.84	19.63	19.10	19.85			
Dec	19.84	19.63	19.10	19.85			
<b>MAIZE 5,000 bu min; cent/sbu bushel</b>							
		Close	Previous	High/Low			
Sep	2504	2516	2544	2550			
Oct	2504	2562	2580	2590			
Mar	2504	2578	2594	2594			
May	2504	2561	2580	2590			
Aug	2504	2578	2594	2594			
Nov	2504	2544	2550	2554			
Dec	2492	2500	2532	2540			
<b>WHEAT 5,000 bu min; cent/sbu bushel</b>							
		Close	Previous	High/Low			
Sep	3230	3234	3244	3210			
Oct	3230	3254	3214	3270			
Mar	3230	3252	3262	3260			
May	3230	3264	3294	3254			
Aug	3118	3110	3124	3204			
Nov	3172	3184	0	0			
<b>LIVE CATTLE 4,000 lb; cents/lb</b>							
		Close	Previous	High/Low			
Oct	71.85	72.02	72.17	71.47			
Sep	72.82	72.92	73.02	72.47			
Aug	73.40	73.50	73.75	72.75			
Jul	73.40	73.50	73.75	72.67			
Jun	71.30	71.22	71.57	70.85			
May	68.42	69.40	68.95	68.42			
Apr	68.42	69.40	68.95	68.95			
<b>LIVE HOGS 30,000 lb; cents/lb</b>							
		Close	Previous	High/Low			
Oct	45.70	45.40	45.80	45.25			
Sep	44.67	44.75	45.07	44.67			
Aug	44.67	44.12	44.57	44.25			
Jul	42.45	42.80	42.90	42.35			
Jun	45.28	45.67	45.70	45.00			
May	46.95	46.95	47.00	46.92			
Apr	45.38	45.30	0	45.30			
Mar	41.25	41.25	41.35	0			
<b>PORK BELT 40,000 lb; cents/lb</b>							
		Close	Previous	High/Low			
Oct	50.70	49.77	50.25	49.25			
Sep	50.57	49.25	50.70	49.75			
Aug	51.80	49.25	51.65	50.85			
May	51.80	49.25	51.65	50.85			



## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Little reaction to Fed easing

THE FEDERAL Reserve eased its monetary stance again yesterday, as US inflation fell in line with expectations and retail sales showed the steepest fall for seven months.

August consumer prices rose at an unchanged rate of 0.5 per cent, bringing the year-on-year inflation rate down to 3.8 from 4.4 per cent. Retail sales in August fell at a surprisingly steep rate of 0.7 per cent, reflecting weak demand for cars and a wide variety of goods. The decline was much sharper than the 0.2 per cent followed a rise of 0.5 per cent in July.

This resulted in a cut in the US interest rate. It was also followed by a rally of the day's lows by the dollar, which is perhaps not as perverse as it seems.

The US currency finished weaker on the day, but it bounced back to the DM1.6800 level against the DM-Mark, after touching a low of DM1.6775. This recovery

reflected speculation that the strengthening improvement in US economic performance will now gather momentum and also indicated expectations that the Fed is likely to be easing its monetary policy in the present cycle.

The Fed cut its discount rate by 0.5 point to 5 per cent. This was followed by a reduction in the 3-month prime lending rate to 5.5 per cent.

At the London close the dollar had eased to DM1.6840 from DM1.6855; in the US it was at \$1.4760, up from \$1.4740, and the FRF7.9500 from FRF7.9425. The index fell to 148.16 from 148.17.

Sterling was weaker overall as a sharp decline in the UK

annual rate of inflation encouraged speculation about another cut in bank rates. Year-on-year inflation in August fell to 4.7 from 5.5 per cent. There was a disappointment that the figure was not as low as 4.5 per cent, but the market expects a further easing in the inflation rate and is looking for lower interest rates.

The differential between UK and German rates has already narrowed sharply this year, making the pound less attractive at a time when the political risk in holding the currency appears to be increasing.

Sterling fell to points in \$1.7320, its highest level since 1985, from \$1.7350, and to Y232.00 from Y232.00. In the European exchange, the pound fell to 1.11, its lowest level since 1985, from 1.11, and the franc fell to 1.11, its lowest level since 1985, from 1.11.

The pound fell to 1.11, its lowest level since 1985, from 1.11, and the franc fell to 1.11, its lowest level since 1985, from 1.11.

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
148.16	148.16	148.16	148.16	148.16
148.16	148.16	148.16	148.16	148.16
148.16	148.16	148.16	148.16	148.16
148.16	148.16	148.16	148.16	148.16

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
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1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
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1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330
1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330	1.7320-1.7330

Spot	1 Month	3 Month	6 Month	1 Year
1.7320-1.7330	1.7320-1.7330	1.		















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Unit Trust prices on FT Cityline. per peak  
and 30p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

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instead	2.91		
ing Leasing Credit	3.26	+0.32	
ingway Banking	6.30		
ingway Util. and	2.68	-0.04	
ing Purpose	1.20		
ing Bank	1.47	-0.01	
ing Darby	2.46	-0.02	

ALABAMA			
Number 13	98	+ or -	
and Storage	2.70	+0.08	
S	11.80	+0.10	
ing & Reave	8.45	+0.02	
ing	0.40	+0.02	
ing Fair	2.43	+0.03	
ing	3.92	-0.02	
ing Corp	7.40	+0.03	
ing	1.51		
ing	1.51	-0.04	
ing Air Fre	20.20	-0.20	

Singapore Press	8.75
Mails Trading	2.60 -0.02
Lao Bank	5.90 -0.02
Hongkong & Shanghai Banking Corp.	6.30

[illegible][illegible]



## William Dullforce analyses prospects for the bourse

developments in Germany, Switzerland's biggest trading partner, remains one of the principal negative factors in the outlook for Swiss equities.

Mr. Philipp believes that share prices could when the pension and insurance fund managers adjust their portfolios. A decline of 20 basis points in the three-month interest rate could be enough to prompt managers to shift towards bonds and equities instead of rolling over their present short-term money market deposits. A substantial decline in the annual inflation rate this month might do the trick.

frustrated by unexpectedly

this year's recovery in earnings **■** have performed more **■** in line **■** the market, insurance shares **■** underperformed the market by between **■** **■** per **■** over the past three months. **■** analysts believe that renewed

that some insurance companies plan to open their registered offices to foreigners may stimulate interest in the shares, but at the same time they argue against buying the insurers' non-voting shares.

There have been flurries of interest in CS Holding, the parent of the Crédit Suisse banking group. Brokers are probably responding to CS Holding's news in May that it could issue up to 20 per cent of Crédit Suisse stock over 18

and pharmaceutical shares, particularly Roche and Ciba-Geigy, have performed well in recent months.

Nestlé, the biggest stock on the market, is an enigma. Compared with its international rivals, the world's biggest food

group is undervalued, says. But it seems that Nestlé is not immune to the obsession with inflation and interest rates, which is likely to remain the pervading influence on the market in the next few years.

## LONDON SHARE SERVICE

## FREE SERVICE

Price		+ or -	Yield		1991	
\$			Int.	Real.	High	Low
103.2	+1/8		9.70		106%	
118 1/2	+1/8		10.41	7.75	107	

1977	875	9.10	4.33
1978	124	10.26	6.58
1979	124	10.26	6.58
1980	124	10.26	6.58
1981	124	10.26	6.58
1982	124	10.26	6.58
1983	124	10.26	6.58
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92	9.22	117	110.14
128	10.59	17	28.4
96	9.31	27	26.4
57	9.11	104	97.2
96	9.31		
65	8.40		
84	9.17		
223	9.70		

	(1)	(2)	(3)	(4)
10%	107%	102%	104%	104%
15%	118%	112%	116%	116%
20%	130%	124%	128%	128%
25%	143%	136%	140%	140%
30%	157%	150%	154%	154%
35%	172%	164%	168%	168%
40%	188%	180%	184%	184%
45%	205%	196%	200%	200%
50%	223%	212%	216%	216%
55%	242%	229%	233%	233%
60%	262%	247%	251%	251%
65%	283%	266%	270%	270%
70%	305%	285%	289%	289%
75%	328%	305%	309%	309%
80%	352%	326%	330%	330%
85%	377%	348%	352%	352%
90%	403%	371%	375%	375%
95%	430%	395%	400%	400%
100%	458%	420%	425%	425%

on projected inflation of (1) parentheses show RPI base for (assumed) and have been adjusted to January 1987. Conversion factor 130.2 and for August 1991:

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## FT ANALYSIS

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# Weekend FT

SECTION II

Weekend September 14/September 15 1991

Most climbers attack the Himalayas with scores of porters and tons of high-tech equipment. Roger Mears took on the ninth highest peak in the world with a friend and a rucksack

## The lure of the death zone

THERE WAS a silence and a stillness, then came the slow rumblings from the great Himalayan ice cliffs. All around the triggers had been pulled. Avalanches of ice, rock and snow began racing each other to the glacier. The ice smashed itself into minute glittering particles that billowed like clouds. The British Geological Survey in Edinburgh recorded the earthquake of July 14 at 6.6 on the Richter scale. "Quite a big one," said Mr Turbitt in the seismology department.

The next day we set off to climb the mountain the Germans call Nanga Parbat, carrying with us little more than a rucksack.

In the "Golden Age" of Himalayan mountaineering, when the British were besieging Everest, the French Annapurna and the Italians K2, Germany was engaged in a costly battle with the "Naked Mountain", the translation of its Sanskrit name. Between 1922 and 1939 19 people died in five attempts on Nanga Parbat. The first successful ascent was made in 1953 by a lone Austrian, Herman Buhl. Since then, Nanga Parbat had remained one of the 14 peaks of more than 8,000 metres (26,245 ft) that had not been climbed by Britons.

We had camped at its foot for three weeks, watching the 8,125 metre (26,660 ft) mountain, observing its rhythms, the patterns of its weather, the winds that stripped the snow from its summit. It was only now, as our departure for the mountain drew near, that we began to comprehend its awesomeness, rearing more than 13,000 ft above our tents pitched in pastures on the banks of the Diamir Glacier.

The size of the face that Dave Walsh, a 47-year-old mountain guide from Betws-y-coed, and I intended to climb in one quick dash was awe-inspiring. We had come to Kohistan, this "land of the ungovernable" in north Pakistan, to climb Nanga Parbat, not with a great logistical machine but with the limited capabilities of our two selves.

Traditionally, large teams of climbers have laid siege to the world's great mountains. They would, over several months, build up a pyramid of supplies and stretch thousands of feet of rope between a succession of fixed camps to set up a final dash to the summit. But we were to climb "Alpine style" - simply packing a rucksack with food and equipment and setting off with a friend for the summit. Except, if the proud spire of the Alpine Matterhorn were placed beside the great wall of Nanga Parbat, it would reach merely a quarter of the way up.

When we arrived at base camp on June 27, two Korean expeditions were hard at work, vying for the title of "First Korean". For five weeks a score of climbers had been carrying mountains of rope, rice and seaweed up the first couloir to a camp at 17,000 ft. Their progress had reached an impasse and there were rumours of strife in the team.

Our involvement with the mountain was to be more intimate, shared between Dave and myself. As we sat at the bottom of one of the world's biggest precipices, waiting for the slow process of acclimatisation to take its course, it was



difficult to remain confident.

We set off a little after first light on July 18. We had six days' food, a down jacket and equipment packed in a minimum: three ropes, a small tent, sleeping bags and a camping stove with three gas cylinders. Our rucksacks still weighed more than 60lb.

We passed the Korean high point on the morning of our second day. Their camp, nestled under the protection of a rock, was strewn with their litter and all around, protruding from the snow, were the remains of previous expeditions. In the end the energy to remove the camps that cost so much to install and so they remain to be torn and

by the wind, a vulgar record of mountaineering ambition. Our days began in the dark and by first light we had eaten a meagre breakfast of oatmeal biscuit and milkless tea. We had packed our tent and

was empty. We intended to finish before the sun's intense heat could just discern. She would tell us of the small progress of two dots as small as punctuation on a vast white page.

On day three we climbed through a snow storm, enveloped in cloud, pitch after pitch of ice as steep as the roof of a church. Crampon points skidded and axes flayed as the lactic acid burned into calf muscles under the weight of our packs.

On day four, climbing steeply, we made a long sickle-shaped traverse which brought us to easier ground. We were on the broad back of the Bazhin glacier that hangs around the neck of the trapezoid fortress that forms the summit. Some 20,000 ft below the River Indus flowed in its deep gully. The temperature was above 100°F (37.8°C). Here the sun

was without power, the sun surface shaped by the wind into waves.

By the evening of our fifth day we had reached the base of the summit trapezoid at an altitude of 23,600 ft. Sleep was difficult, appetite had gone and we needed will power to drink enough to prevent dehydration and to eat enough to provide energy for the morrow.

In the morning we would make our one-shot attempt to climb the last 3,000 ft to the summit - almost double the height we had managed on our best day lower down the mountain. In the last 1,000 ft we would be entering what is melodramatically, but accurately, called the "death zone". At these rarefied altitudes man can survive at best for a few days. Judgment is often impaired and hallucinations common, lung or brain haemorrhages are a real threat.

At 11 am, as we began melting snow on our Gaz stove, a heavy shower showed through the cloud. It was after 4 am when we creaked into

action, and by then it was snowing and we were enveloped in cloud. We discussed the chances of making the attempt, but we were at the end of our food, and even if we did delay the weather might worsen.

Carrying no more than one night on a winter walk in Snowdonia - a half full flask of water, a bar of chocolate, glucose tablets, a survival bag, a down jacket and a camera - we climbed through knee-deep snow with the weather worsening and a heavy weight of pessimism adding to the gloom.

I made a pact with Dave that we would continue until 9 am but I felt that he thought conditions were too bad to go on. The hour came and went without improvement. By 11 am I was exhausted to the point of waiting for him to end the stupidity, but he was game as long as I was. In spite of the conditions we were making reasonable progress - if climbing upwards into a storm it was 26,000 ft could be described as reasonable. I am not now so sure.

resolved to continue for as long as we felt in control. Then, at noon, the smoke swept aside and we emerged above the clouds into a world of hard sunlight and deep blue sky, golden and glittering snow. A cold wind spindrift from the summit ridge 1,000 ft above us.

We agreed to keep going until 5 pm when, summit or not, we had to return if we were to avoid a bivouac. Both of us were confident we could survive a night in the open, but not without the inevitable frostbite; whether we would be able to get down the mountain in a maimed condition was another matter.

We continued the slow upward progress with ice axe and ski-stick, taking turns to break a zigzag trail through snow with a hard surface. It supported a crumpled but more often we plunged through our knees. The impossibility of maintaining a rhythm was debilitating.

We reached the summit at 4.15 pm on Sunday July 21 after six days. We were the first Britons to climb Nanga Parbat, 96 years after the first attempt by a British expedition and 38 years since Buhl's lonely ascent.

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On our way down the North Ridge up which Buhl crawled, snaking down the mountain in a succession of rocky outcrops. Under our feet the Rupal Face, the greatest mountain wall in the world, plunged into fathomless shadow. It would have been good to linger, in such up that beautiful, enchanted place in the golden light of evening, but the sun sank into the sea of boiling cloud that flowed in an inexorable current, out of Asia and washed upon this mountain island, the Himalayas.

We had to descend. Down the snowy couloir, out of the brilliant crystal world and into cloud. There in the whiteout it had continued to snow. Our tracks were gone. But we had to find our way before dark.

In a little more than two hours in the grey half light that precedes darkness, the altimeter led us unerringly to the place. I collapsed, unable to summon another flicker of energy. Dave made it.

The Koreans had just arrived at the platform that had been our third camp, when we descended from the cloud. "Leader say congratulation, and please to use our ropes to go down", we were told. We continued our descent and, exhausted, hacked a platform a few feet below the Korean Camp Two. It was our most comfortable night.

In the morning I took the remains of our food: pumpernickel, neither of us could bear to eat, some chocolate bars and drinks. They were simmering a vast bowl of rice and vegetables. "Later", they said, "we speak leader". We left them to eat what looked like more food than we had eaten in a week. We continued our descent back to life.

The British Nanga Parbat Expedition was sponsored by ICOM, Karri-mond and Camping Gaz UK. The climb was in support of the Royal Marsden Cancer Appeal.

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The Long View/Barry Riley

## A four-letter mystery

Being a still further extract from the reminiscences of John H. Watson, M.D.

IT WAS scarcely after breakfast on a misty morning in September '91 when our landlady, Mrs Hudson, ushered a small, blonde woman into the quarters which at that time I shared with my friend Mr Sherlock Holmes in Baker Street. The visitor provided us with an excellent excuse to turn off the breakfast TV programme, which as usual was dominated by economists talking about the end of the recession.

"Pray forgive my intrusion so early, Mr Holmes," she said, introducing herself as Mrs St Clair. "But I am overcome with anxiety for the safety of my husband Neville. I do not know where else to turn."

"You have my profound sympathy, madame," observed Holmes. "He disappeared three days ago, on Monday, I presume." He shrugged at her obvious surprise. "A simple deduction from the fact that you carry three days' copies of the Daily Telegraph, no doubt to check for news of his fate. Pray continue."

"You are right," she said, swiftly recovering her composure. "It was on Monday that a most curious experience befell me. Whilst on a shopping expedition I was forced to leave the Underground at Bank station due to the London Fire Brigade being in attendance at Liverpool Street. I found myself walking down Fenchurch Lane when I came up at a second-floor window and saw, to my amazement, my husband, I believe, in the act of being taken away by a guard who complained that I did not possess the required magnetic security pass. By the time I had reached the seventh floor where there was no sign of my husband, only of a secretary, a Mr Huxtable, and of two of the most terrible economic pundits - the one called Roger Congdon-Davies, with the oily hair, the moustache and the loudly-striped double-breasted suit. Neville did not return home. And I have not seen him from that day to this!"

"And one other thing," she said. "Upon the table in the room was this piece of paper, with four capital letters scribbled on it in what is undoubtedly my husband's handwriting. What can it mean?"

Holmes seized it eagerly. "V.U.W or L?" he read out loud. "A name, surely. But some fear, madame. We shall soon have your husband safe, if indeed he is still alive." Losing no time we hailed a passing cab in Baker Street and soon arrived at the office of Congdon-Davies. But Mr Huxtable insisted that the economic soothsayer was out, making a TV programme. He had never heard of a Neville St Clair.

Holmes looked around. There were personal computers, faxes, video recorders, slide projectors... and a cupboard. Behind Miss Huxtable's protest he watched the door open, to reveal a wall of clothes on a hanger, and a television set. "That is it," he snapped. "That is it. It is a name. It is a name in the police."

Inspector Lestrade moved quickly. By the time we had returned to Baker Street the evening newspaper placards read: "Famous economist arrested at TV studios."

Mr Holmes piled up an ounce of clay and lit the flame of a pipe. I expressed some of my fears. The building overlooks the Thames at the back. "If St Clair was arrested, his body could have been tossed into the river."

"I expect the police are dredging even now," replied Holmes. "But there is a more subtle solution to be found. To be sure, an economic soothsayer may be capable of great evil. For somebody so unscrupulous at manipulating financial data, murder must seem of little consequence. But what was the connection with Neville St Clair?"

The chamberlain dragged into a foggy evening, but Sherlock Holmes remained on the settee wrapped in thought. I fell asleep. Early next morning, however, I was disturbed by Holmes's hand upon my shoulder.

"Awake, Watson!" he cried. "Game for a morning drive?" It was before 10 am when we arrived at Wind Street Police Station, where Holmes intended the

deputy police inspector. "That man, Roger Congdon-Davies, you have him here?" he asked.

"Why, yes. And a real dirty scoundrel he is. He refuses to take off his suit or wash his face. I never did take to any of those character forecasters."

"Then bring me a sponge and escort me to his cell," said Holmes. "Scarcely had the startled economist awoke from his uneasy sleep than he was asked by Holmes, who removed what turned out to be a wig and, rubbing quickly with the wet sponge, stripped away the moustache and ruddy complexion."

There was revealed an older, paler man who blinked in surprise, then turned white and buried his face as he realised the true horror of his predicament. "Gentlemen," announced Sherlock Holmes in triumph, "allow me to introduce Mr Neville St Clair."

Pausing only for a moment, St Clair spoke in a quiet, resigned tone. "It all happened by accident," he said. "I was a doctor for a bit. Then, people began offering me extraordinary amounts of money and asking me to appear on breakfast TV. It did not seem to matter that the predictions were totally wrong. Why, they now want me to forecast the economic recovery even though I never predicted the recession in the first place!"

"My wife only knew that I was something in the City, she thought I was a respectable man dealing in junk bonds. I had been leading a double life for some years. Last Monday when by an unreasonable chance she saw me, I realised the game was up."

He sobbed: "It is not just my wife, it is my children! How will I ever be able to explain to them how I sank so low?"

As we returned to our waiting cab, Holmes murmured: "The significance of the capital letters escaped me for too long. Then I realised that they were all possible shapes of an economic soothsayer and, moreover, St Clair had written them, and that led me to the logical conclusion that St Clair and Congdon-Davies were one and the same person!"

## WHAT DO GRAHAM GOOCH AND WHITTINGDALE HAVE IN COMMON?



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## FINANCE AND THE FAMILY

## Saving at lower interest rates

Philip Coggan asks if this is the right time for investors to choose fixed returns

THE MEDIA may rejoice every time that interest rates are reduced, but base rate cuts are not such good news for savers.

A saver relying purely on variable rate interest will have seen his nominal income reduced by almost a third over the past year, as base rates have fallen from 15 to 10.5 per cent.

However, the effect has not been as marked in real terms. Interest rates have averaged around 12½ per cent over the last year, compared with an inflation rate of 4.7 per cent.

That means investors with substantial savings have been able to earn a gross real return of almost 8 per cent. Even after tax, those in the basic rate band have earned a net return of over 4.5 per cent, and high rate taxpayers 2.8 per cent.

Those are extremely high figures by historical standards. But what should investors do now? Should they opt for fixed rate products, such as guaranteed income bonds, on the grounds that rates have further to fall? Or have they left it too late?

Economic analysts expect interest rates to fall in the run-up to the next election. Kevin Gardiner, of Warburg Securities, feels that a further half percentage point cut - to 10 per cent - is already discounted by the market, and will occur at or slightly before the Conservative party conference, which starts on October 11.

Further cuts are expected before the election, which the economists think will be delayed until next summer. By that time, Kevin Gardiner, of Phillips & Drew, expects a further half percentage point cut - to 9½ per cent - level, with Simon Briscoe of Montagu forecasting 9 per cent.

After the election, the analysts think that rates may rise, even if the Conservatives win power once more. "Once the economy starts to grow again, the foreign exchange markets will begin to realise that the fall in wage inflation

was largely due to the recession", says Kevin Gardiner, of Warburg Securities. "There may need to be a second leg to the exchange rate mechanism's squeeze on the UK economy."

Kevin Darlington of Phillips & Drew cites the likely widening of Britain's current account deficit, once the economy expands, as a reason for rates to rise again. But neither expects rates to go all the way back to 15 per cent - a modest rise to 10 or 10½ per cent is more likely.

The election of a Labour government, or a hung Parliament, is another matter. If that happened, the analysts expect that the foreign exchange markets would react unfavourably, forcing a more substantial rise in rates. Briscoe thinks that a Labour government might cause rates to be 2 to 3 per cent higher, for a year or two, than they would otherwise have been.

These views indicate that interest rates will move in a more narrow trading range - perhaps between 9 and 12 per cent - than they have done over the past five years. That does not give savers a clear view on whether they should switch their funds into fixed rate vehicles immediately. Rates could easily be back at current levels in 18 months.

Of course, economists can be mistaken: there is a tendency for rates to rise further in the upswing of the cycle, and fall further on the downswing, than the market expects.

The wise saver should realise that a sensible spread of savings would have some tied to a fixed rate, and some in a variable rate form. Even though interest rates might rise after the election, the consensus seems to be that Britain's membership of the exchange rate mechanism means that interest rates and inflation will be lower in the 1990s than they were in the 1980s. That may indicate that it is not too late for savers to opt for fixed rate products.



## The keys to locking-in

How can savers who have locked-in rates be set to fall even further, lock in at current levels?

Peter Hutton of Knight Williams, investment advisers, says that savers should choose the fixed rate option for

part of their portfolio should tie up their money only for one year or two at the most. He suggests guaranteed income bonds, which require no investment in a fixed period but which pay yearly income. As our table shows, National Port-

land has a one year income bond which pays 11 per cent on £20,000; the National Port-

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THE BEST RATES FOR YOUR MONEY									
Investment	Amount	Term	Rate	Min. deposit	Rate	Min. deposit	Rate	Min. deposit	Rate
<b>INVESTMENT A/Cs and BONDS (Gross)</b>									
Southdown BS	SuperSaver	0273 471671	Instant	£11.00%	Yty				
Nottingham BS	Capital Postal AC	0115 471444	Instant	£12.00%	Yty				
National Counties BS	90 Day A/C	0572 742211	90 Day	£12.15%	Yty				
Cheltenham BS	Option 90	0242 333 333	90 Day	£12.25%	Yty				
Northampton BS	Novo Star	091 232 6878	18 Mths	£12.50%	Yty				
Lambeth BS	2 Yr Term Share	071 525 1331	2 Yrs	£12.20%	Yty				
Nationalwide BS	Postal Bond	0793 854 485	2 Yrs	£12.50%	Yty				
<b>TESSAS (Tax Free)</b>									
National Counties BS		0572 742211	5 Yrs	£11.00%	Yty				
Cheltenham BS		0242 333 333	5 Yrs	£11.50%	Yty				
Lambeth BS		071 525 1331	5 Yrs	£11.50%	Yty				
Chesham BS		0692 333 333	5 Yrs	£11.50%	Yty				
<b>HIGH INTEREST CHEQUE A/Cs (Gross)</b>									
Calderbank Bank	Current A/C	011 555 8888	Instant	£10.00%	Yty				
UDT	Current A/C	011 555 8888	Instant	£10.00%	Yty				
Cheltenham BS	Current A/C	0242 333 333	Instant	£10.00%	Yty				
<b>OFFSHORE ACCOUNTS (Gross)</b>									
Yorkshire BS Guernsey	Guernsey Ind	0481 712176	Instant	£11.40%	Yty				
C & G Channel Islands Ltd	Guernsey Ind	0481 712176	Instant	£11.40%	Yty				
Bradford & Bingley Douglas	Guernsey Ind	0481 712176	Instant	£11.40%	Yty				
Yorkshire BS Guernsey	Guernsey Ind	0481 712176	Instant	£11.40%	Yty				
Bristol & West Int Ltd	Guernsey Ind	0481 712176	Instant	£11.40%	Yty				
<b>GUARANTEED INCOME BONDS (Net)</b>									
General Portfolio FN		0279 462838	1 Year	£10.00%	Yty				
Financial Assurance FN		081 267 0000	2 Year	£10.00%	Yty				
Financial Assurance FN		081 267 0000	3 Year	£10.00%	Yty				
Providence Capital FN		0258 788888	4 Year	£10.00%	Yty				
Consolidated Life FN		081 940 8345	5 Year	£10.00%	Yty				
<b>NAT SAVINGS A/Cs &amp; BONDS (Gross)</b>									
Investment A/C			1 Month	£10.00%	Yty				
Income Bonds			1 Year	£10.00%	Yty				
Capital Bonds C			1 Year	£10.00%	Yty				
<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>									
90th			5 Yrs	£10.00%	Yty				
Index Linked			5 Yrs	£10.00%	Yty				
Cheltenham BS F			5 Yrs	£10.00%	Yty				

All rates (except Guaranteed Income Bonds) are shown Gross. (M) = Monthly, (Yty) = Yearly, (Inst) = Instant, (1M) = 1 Month, (1Y) = 1 Year, (2Y) = 2 Years, (3Y) = 3 Years, (4Y) = 4 Years, (5Y) = 5 Years. Source: Moneyfacts. The Monthly Guide to Investment and Mortgage Rates, Watkinson House, Sturton, Norwich.

## SIB chief attacks endowment hard sell

ENDOWMENT mortgages were singled out for criticism by Sir David Walker, Chairman of the Securities and Investments Board, the chief regulatory body for the financial services industry, this week.

Sir David was presenting a discussion paper as part of SIB's review of the retailing of investment products, said it was "troublesome" that so many endowments were being sold because of the industry's remuneration structure - the fact that commission insurance companies pay to advisers and agents who are selling their policies.

Endowment mortgages make up three-quarters of the mortgage market, according to figures issued by the Council of Mortgage Lenders for the last quarter of 1990.

Unlike the repayment mortgage, where capital and interest are paid back together, on an endowment mortgage, only interest on the loan is repaid. In addition, premiums are paid to an insurance company which invests them in order to

build up a lump sum, which will pay back the capital at the end of the mortgage term. Demand for endowment mortgages has fallen in recent years. Repayment mortgages now account for 21 per cent of the market, according to the CML, and 4 per cent of mortgages are of other types, such as pension or PEP-linked. Endowment mortgages used to account for 80 per cent.

Sir David was speaking at the launch of a controversial proposal by SIB that the requirement that intermediaries give "best advice" to clients should be changed to giving "good advice". The Consumers' Association, among others, has attacked the proposal, saying it would lower the standard of advice.

SIB says its proposal is intended to define more clearly the "suitability" requirement under which "best advice" falls. It says "best" advice is not always the most suitable and the current rules are obscuring the importance of giving "suitable" advice.

SIB points to the evidence of a survey which is conducted of a group of products of particular life insurance groups. The agents went through a fact-finding exercise with each client. SIB found that between 35 and 50 per cent of the clients received "inappropriate" advice. One reason for this, said Sir David, is that intermediaries interpret "best advice" to mean selling the products of the best company, at the expense of recommending the most suitable product. Under the new proposals, "suitability" would mean that the adviser would not be able to recommend a policy that people would be better off without. Sir David said this was particularly true of endowment mortgages - "most advice is of a suitable kind but has been made in this area."

He said that endowment mortgages had their place, but that in many cases consumers were being misled when they might be better off with repayment mortgages and mortgage protection policies. "An endowment is good if you

can afford it. Building societies know that we think endowments are oversold. That is the best type of mortgage for most people in fact. It estimates that 80 per cent of endowment policies are sold in early years. Consumers seem unaware that early surrender makes endowments a poor investment - by cashing in a month policy after 20 years investors receive 25 per cent of what they would get at the end of the 25-year term. If endowments are not suitable for many people, why do three out of four homebuyers opt for them? The hard-sell policy adopted by some lenders and building societies plays a part. The advantages of the endowment - such as tax-free lump sum at the end of the full term - are stressed; the disadvantages are downplayed. Many homebuyers are misled that they are paying for the commission to the person who sold them the policy. The commission on a 25-year endowment is usually 30 per cent of the first year's pre-

miums. If your monthly premium is £100, the amount invested in the first three years is actually £70 per month. SIB has said it is considering obliging intermediaries to make surrender values clear to the borrower. SIB says it is for manoeuvre is limited on the commissions. "There is a strong argument that the commission system of remuneration of agents is basically flawed and is common with many respondents in our review. I would much prefer to see a flat fee system," said Sir David. "I don't want a magic wand to produce it. We have to be realistic and realise that the commission system will be here for a long time."

SIB also decided to continue the system of polarisation - where advisers are either independent or are tied to one party - rather than opt for multi-tying, with advisers linked to a limited number of companies.

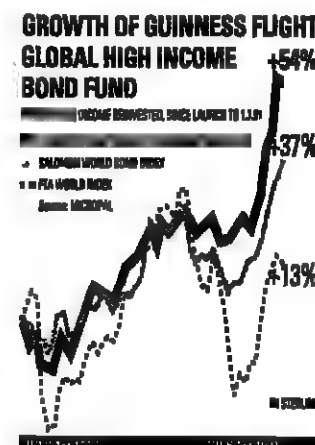
Scheherazade Daneshkhu

Scheherazade Daneshkhu

# SHOULDN'T YOU FOLLOW A WINNING STRATEGY?

## A TOP PERFORMING FUND

As the graph shows, over the four years from launch in July 1991, Global High Income Bond Fund has outperformed both international bonds and international equities. It has dramatically (over 40%) in front of the FT World Equity Index and running well ahead (17%) of the widely accepted bond benchmark, Salomon World Bond Index. Global High Income Bond Fund is also a consistently top performing bond fund, against other similar funds, being in the 1st quartile of international bond funds over 1, 2, 3 and 4 years to 29th July 1991, as measured by Micropal.



The performance figures are evidence that Guinness Flight's philosophy - our particular method of analysing fundamental global economic forces and the importance attached to managing currency exposure on an investment basis - is working.

Guinness Flight Global High Income Bond Fund is part of the Guinness Flight Global Strategy Fund, one of the largest Guernsey based international investment companies.

## THE 1990s ARE DIFFERENT

It is our current view - and has been for some time - that the 1990s will be different from the 1980s and that international bonds now offer excellent prospects in the medium term. They should represent a lower risk than equities and they also offer the prospect of capital growth as recessionary forces operate, while buying you the opportunity of high income from the currently high real rate of interest.

## INVESTMENT APPROACH

Global High Income Bond Fund principally invests in government and corporate bonds denominated in higher yielding currencies. In recent years governments in higher interest rate economies have tended to adopt policies designed to achieve the lowering of their inflation and interest in line with those of Germany, Japan and the US.

This process of the convergence of world interest rates is continuing and is an important factor for the past and prospective good relative performance of the bond markets of higher interest rate countries and is the process of which this fund aims to take advantage.

All of which sums up why the Guinness Flight Global High Income Bond Fund has become an outstanding performer in its sector.

To learn more about how you can benefit from our winning strategy, call Jamie Kilpatrick on 0481 712176, or return the GUINNESS FLIGHT coupon today.

## GLOBAL HIGH INCOME BOND FUND

Return to: Guinness Flight Fund Managers (Guernsey) Limited, Guinness Flight House, PO Box 250, La Plaiderie, St. Peter Port, Guernsey, Channel Islands. Please send further information on the Guinness Flight Global High Income Bond Fund.

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COUNTRY

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## FINANCE AND THE FAMILY

## The Focused Investor

## Ten top tips for capital growth

**M**OST PEOPLE of working age are more interested in getting capital growth, rather than income, from their investments.

However, many keep the bulk of their savings in a building society, which is really designed to provide income. If you really want capital growth, you have to give up something that a building society offers. You may need to accept a lower income, or you may have to tie your money up for five years. Often, you face the prospect that your capital could fall in value.

But these risks have to be taken. The old saw "You have to speculate to accumulate" holds true.

Equities have traditionally been seen as the ideal investment for achieving capital growth. But for many investors, buying shares is too frightening, because of the risk of a fall in prices.

In fact, there are two distinct forms of risk involved in buying shares. The first is that you might buy a holding in a company which goes bust, or plunges into loss. The second is that the stock market as a whole might fall in value.

1. Investment trusts - ordinary shares. There is little one can do about market risk. But an investment trust, which owns a portfolio of stocks, can protect investors from the danger of selecting the wrong company.

Trusts have relatively low charges. If you buy into a trust through a savings scheme the initial charge can be as low as 1 per cent; annual management fees are often less than 1 per cent.

There are risks - the price of investment trust shares does not rise and fall precisely in line with the value of the portfolios. Frequently the shares trade at a discount to the trust's assets and if this discount widens, investors can lose money even if the stock market is unchanged. The trust's managers can also make mistakes in stock selection.

2. Investment trusts - capital shares. Most investment trusts aim for both growth and income but there are certain types of trust, called split capital trusts, which separate the two functions. Capital shares in such trusts normally receive no income and can only be repaid if the trust's assets rise significantly over its lifetime. They are thus high risk but can do spectacularly well if the stock market booms. Those who are really bullish on the stock market might be attracted to those of a nervous disposition should steer clear.

3. Investment trusts - zero dividend shares. Some split capital trusts also offer zero dividend shares which, as their name suggests, pay no income. They will, however, be repaid - a set premium when the trust is eventually wound up. Though such an event is not guaranteed, the trust would have to perform

disastrously for zero dividend shareholders to miss out. Such shares thus offer low risk, steady growth.

4. Unit trusts. Unit trusts offer the same diversified portfolio as investment trusts but in a different structure. Rather than buying shares, you buy units which rise and fall in line with the value of the fund - there is no discount to worry about.

However, costs are higher. There is an initial charge of at least 5 per cent, which is included in a bid-offer spread when you buy units. This means that the fund has to make significant progress just for you to recoup your original investment. Annual management fees are in the range of 1 to 1 1/2 per cent.

There is such diversity in the unit and investment trust industry that the investor can pick almost any investment field his heart desires - from UK blue chips to Japanese smaller companies, from gold to New Zealand. Pick one with a consistent record over at least the last three years.

5. Personal Equity Plans. Investments in a PEP are free of both capital gains and income tax. This makes them, for some people, an attractive way of holding investments. However, one needs to pick a PEP carefully. Unless you have a large portfolio of other investments the capital gains tax exemption is unlikely to be of much benefit. Tax is only payable on gains of over £5,500 in any year - and allowance is made for indexation and for losses on other investments.

Even the income tax exemption can be outweighed by the charges imposed by the plan manager. However, unit trust PEPs usually carry no extra fees and investment trust PEP charges are fairly low. Unfortunately, such plans

are limited to £23,000 per year. 6. Direct equity investment. The profits earned on privatisation issues must have tempted many into buying shares directly. But therein lies the danger. Privatisations are one-off issues, priced in a way that normally ensures they are a bargain. It is far harder to spot cheap shares elsewhere in the market, and private investors can be sucked into "glamour" stocks which turn bad, such as Polly Peck.

7. Diversified portfolio of at least ten or a dozen stocks is essential and given the dealing costs, you will probably need to start with at least £25,000. Even at that level, many stockbrokers would recommend unit trusts; some brokers require you to have a six figure sum before handling your direct equity



investments on an advisory basis. When choosing a broker, the snag is that few will quote performance statistics for their private client portfolios - if possible, look at the record of any unit trusts they manage.

8. Employee share option schemes. These may offer one of the best ways for investors to get access to equities

and thus to capital growth. Top executives did very nicely out of such schemes in the 1980s; the government has recently tried to widen their scope. Under an Employee Share Ownership Plan, workers are given the chance to save up to £250 a month. At the end of a period lasting at least five years, they will either receive a building society return or will be able to buy shares at a discounted price. This is a very good deal. Stoy Hayward has calculated that, assuming a modest growth of 5 per cent per annum in the company's share price, someone who saved the maximum could make a capital gain of £13,395 over five years.

9. Index-linked gilts. These are at the high risk end of the investment spectrum. Both give invest-

I AM considering making a loan to my stepson to allow him to extend his house. On the assumption that the extension would cost approximately £25,000 and that I make a loan of that amount at, say, 5 per cent from my building society account could you advise me regarding the following:

(a) As this is a family matter and I intend to disclose the loan on my tax return, is it permissible?

(b) Would such a lower rate be permissible?

(c) Would my tax situation be adversely affected? I am married, in my mid-seventies and my husband is several years older. I am in good health and would like to live on my own for a further 10 years.

(d) You must report the loan as a new source of income.

(e) The low rate of interest should not cause any particular problems.

(f) You will be assessable to income tax on the interest.

If the rate of interest may be changed from time to time, you should bear in mind the rules of assessment for untaxed interest. First year in which interest is paid: current year's interest; Second year: current year's interest; Third year: previous year's interest (again); Fourth year: previous year's interest - and so on, until the year before repayment of the loan, which is assessed for the previous year's interest OR the current year's interest, whichever is the higher. For the year in which the loan is repaid, you will be assessed on the current year's interest.

These odd rules are beneficial if the change of rate of interest is always upward, but are penal if the rate of interest is reduced at the wrong time.

## Futures liability

I WROTE to my tax inspector asking about the tax treatment of profits on commodity futures - traded options on these, and traded options on the FTSE index.

He replied saying: "Transactions in traded options are regarded as subject to income tax rules only where they are entered into by persons whose profits and losses on disposal of stocks and shares are taxable under case I of schedule D, or financial concerns and investment dealing companies. "Transactions by an individual are normally dealt with under the capital gains tax

## Tax burden on a family loan

## Q&amp;A

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

rules. Transactions in commodity and financial futures as a recognised futures exchange are dealt with in a similar manner."

I remember reading in your columns some time ago a reference to this subject which implied that the true situation might be quite different. I should be grateful for your comments. If my net profits are in the £10,000 to £20,000 range, would it be better to have the interest on a loan of £10,000 offset against income from other sources?

Your tax inspector has given a correct outline of the current position. A free booklet, entitled "Income Tax on Commodity Futures", is obtainable from the International Stock Exchange, London, E14 4HP.

It is not unlikely that your inspector will find, as a question of fact, that transactions in futures and options by a private individual fall within the scope of case I of schedule D by section 128 of the Income and Corporation Taxes Act 1988 covering (inter alia):

i) commodity futures and financial futures dealt in on a futures exchange designated by the Inland Revenue;

ii) commodity futures and financial futures entered into an authorised institution, as defined in the Financial Services Act 1986;

iii) options (including warrants) quoted on a futures exchange or stock exchange designated by the Inland Revenue;

iv) exchange traditional (conventional) options, and similar options entered into by or to a member of an overseas

stock exchange designated by the Inland Revenue.

v) options relating to currency, shares, securities (in an interest rate granted by and in some circumstances) to an authorised person or a listed institution, as defined in the Financial Services Act 1986.

The reference to futures exchanges and stock exchanges "designated by the Inland Revenue" include the London International Financial Futures Exchange and the International Stock Exchange of the United Kingdom and the Republic of Ireland, which are designated by statute.

## Shares for joint tenants

FOR NEARLY a year I have read your replies to letters concerning joint tenancy in common and am grateful for parents to reduce the liability for inheritance tax.

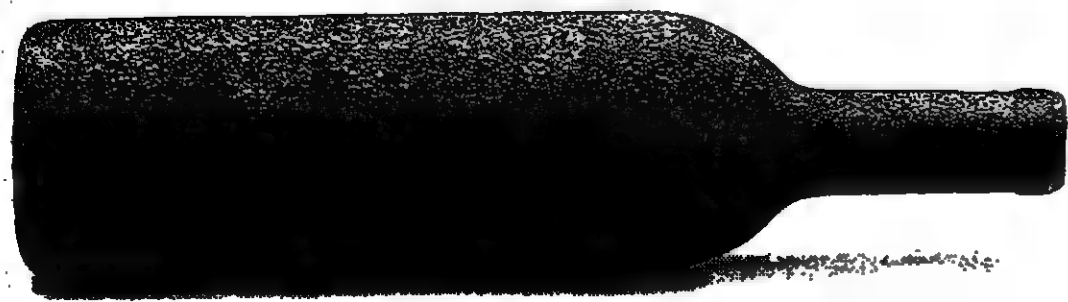
In a typical case: house worth £150,000, stock exchange securities and building society investments of £100,000. If we each write our wills so that one quarter of the house is left to each of our two sons, can you explain the procedure required regarding the death of the first parent? Will the Land Certificate have to be amended to show the quarter share of each son? Would the surviving parent have to make a fresh will leaving his or her half share equally to the sons in order that they could eventually dispose of the property to their mutual benefit?

A further point is the question of each parent leaving cash legacies to the sons from the building society funds, which are held in joint names. Do you advise those funds being held equally in the sole names of the parents?

There is no need to amend the Land Certificate as that is the legal title only, not the equitable interest. However, it is likely that a new will will be appointed to hold the legal estate jointly with the survivor, and if that is done the Land Certificate will need to be amended. The survivor may make a new will if he/she so wishes, but does not have to. The building society accounts are held jointly if his legacies are of stated sums.



281° in 1961



£82° in 1991

## There's more than one way to enjoy vintage investments.

If something of value is left in safe hands - and the temptation to enjoy it too early is resisted - its value may soar. As you can see.

The same objective guides the thinking of The Scottish Eastern Investment Trust plc - long-term capital growth.

Scottish Eastern is one of the country's oldest and largest international investment trusts. And like any great vintage, it is handled with great care. Its fund managers scour the world for investment opportunities which can enhance its long-term value.

Just consider: £5,000 invested 10 years ago in Scottish Eastern would be worth £36,879. Left in a building society, the same investment would be worth £10,809.

What's more, the difference well worth noting.

What's more, the difference well worth noting. What's more, the difference well worth noting. What's more, the difference well worth noting.

Perhaps it's time to consider stocking the investment cellar with Scottish Eastern? To find out more just cut out the coupon.

In a few years, you may well have something to drink to.

Please remember that the value of your investment will rise and fall as well as rise, and an investor may not get back the amount invested. The past is not necessarily a guide to the future.

Please send me a copy of Scottish Eastern 1991 Annual Report together with details and application forms for the Martin Currie Savings Plan.

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## SUN LIFE BESRES VII SCHEMES

## TWO INVESTMENT AREAS

The Sun Life Besres VII Schemes are now on offer to investors. With the choice of Two Investment Areas designed specially to meet the needs of both the risk conscious and the slightly more adventurous BES investor.

The proposed closing date for applications is 1 p.m. on October 4th 1991. If all companies are fully subscribed before that date then, at the Directors' discretion, the offers may close early - so, if you are interested in the Besres VII Schemes please act now.

All investments will go into BES Companies set up and advised by Sun Life Management Limited. Companies will invest in residential property for letting on assured tenancies. The objectives of all the Companies will be to maximise returns over five years, based on capital gain and rental income.

## TWO STRATEGIES TO CHOOSE FROM

The PHOENIX Companies will invest in residential properties, aiming to benefit from large discounts or development profit combined with relatively high rental yield. This should produce a return similar to that of assured exit schemes, even if property prices remain constant, so offering the investor the prospect of excellent return - with only moderate risk.

The CAMPUS Companies adopt a strategy of providing residential properties for Universities, Polytechnics and other organisations with an option to sell the property back at a pre-arranged premium at the end of five years. The sale option will be secured by bank commitments or legal charges over assets.

SLIMS is targeting an uplift in the Companies' net asset value per share of 32% from the issue price of shares over five years. So investors will enjoy a high rate of return with a very high degree of security.

## EARLY TAX CERTIFICATES

A valuable feature of the Besres VII Schemes is that all Companies should have already started their BES qualifying activity, so investors should receive tax certificates as early as December 1991.

## NEW OPTIONS

Guaranteed Income for five years can be secured using an Annuity/Besres combination, an excellent guard against falling interest rates. On current Annuity rates for higher rate taxpayers, the Plan will provide income of about 9% p.a. after tax AND all the growth in value of the shares.

Delayed Payout - loans of £15,000 and over will be available from the Bank of Scotland on security for Besres VII Campus Companies shares from January 1992.

## THE BIRTH OF SLIMS

SLIMS promotes the Schemes and acts as adviser to all the Besres Companies. Its BES business functions are:

- to advise the Companies on all aspects of their business and the achievement of exit routes, for those without guaranteed exits, in five years time;

- to provide certain advisory and administrative services of the Sun Life Group to cut down costs to investors.

For details of Phoenix Companies simply phone on the FREEPHONE number.

Full Scheme Documents are available now.

All you have to do to secure your Document is either complete and return the attached coupon, or phone the FREEPHONE number below. Your Scheme Document, giving full details of Campus Companies, will be sent to you - without obligation.

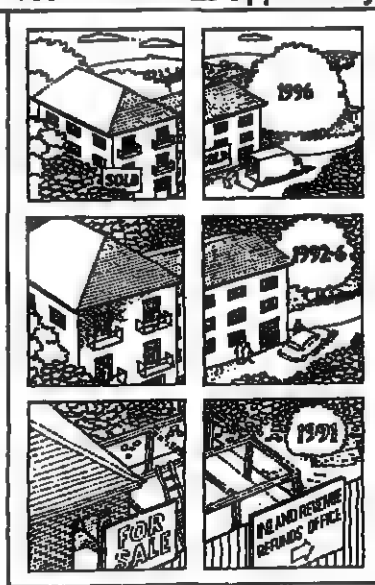
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## Your Window of Opportunity



OPEN UNTIL OCTOBER 4TH

## NOTES

- These Schemes involve investment in unquoted Companies which carry higher risks than investment in quoted Companies.
- The Investment Management Regulatory Organisation (IMRO) regulates the BES investment of Sun Life.
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## SPORT/MOTORING

Croquet/Nicky Smith

## Battle on an English lawn

A STRING quartet accompanies the soft clunk of croquet balls in front of the neo-classical clubhouse at Hurlingham, London. Spectators doze in deckchairs at the close of an Indian summer. This is British sport at its best. Even when it rains, you cannot beat England for a good game of croquet.

Today and tomorrow provide an ideal opportunity (and possibly the last for several years) to see the game played at top level in perfect surroundings as players from a dozen countries compete for the World Croquet Championships.

Next year, the Americans hope to hijack the event. But even in the US they will have a hard time fighting off the British talent, and at the start of play last Sunday the home contingent, who dominate the international game, were again looking strong.

Chris Clarke, at 20 the youngest competitor, opened with three wins. Against the Italian Luigi Colombo he made a flourishing sextuple peel, the equivalent of snooker's 147 break.

Robert Fulford, 22, who won the Open Championship earlier this year, had said he felt "not unconfident" of retaining the World title. However, he lost at the start of the week to Jim

Best of the US and found himself struggling in a tough qualifying block.

David Openshaw and Stephen Mulliner, the senior British players, had easier days. Mulliner swatted aside Frenchman Jean Baptiste Groz and Jerry Stark of the US, who has improved considerably since he first came to Britain three years ago.

Openshaw, known for his ability to hang on to a game until the bitter end, beat Wayne Rodoni of the US and Ian Burridge of Wales but could not knock off New Zealand's Joe Hogan.

Best's win against Fulford proved that the Americans mean business. Next year, they hope to hold the World Championship at Newport, Rhode Island, hitherto better known for sailing and tennis. The United States Croquet Association is keen on running its affairs as a profit-making organisation and their plans for the tournament could test the Corinthian spirit.

Tremaine Arkley, a businessman from Independence, Oregon and chairman of the USCA's International Committee, says they chose Newport as one of the few venues in the US with enough money and prestige to match Hurlingham. But there the similarity ends

for the Americans want a much more "organised" tournament and intend to have "additional activities" to pull in the spectators.

"I don't want to call it a 'circus', that's not really fair," says Arkley "but we might have some legends of croquet playing exhibition and other sporting events coinciding with the championship because we're trying to open it to everyone and draw in casual players from those who are just in Newport for holiday as well as local residents."

the USCA's profit-making activities have included a healthy side line in croquet equipment, selling equipment and tee shirts and promoting celebrity events.

With the weight of experience on their shoulders, not everyone on the governing body of the British game will be sorry to see the tournament move to the hands of a new leadership for croquet in the US. This year's event was only saved by Wimbledon Lawn Tennis Club which stepped in at the eleventh hour to pick up the game.

Not everyone feels that the USCA is as "organised" as it claims. Arkley brushes the criticism aside. "The USCA right now is in good financial condition," he says firmly. "We've pared our expenses. We

still aren't rich in terms of money for sponsorship events but we're running our organisation professionally and we're making a profit."

He says the sport is growing fast in the US. An "amazing number" of croquet courts are being built, many as part of retirement housing developments. The USCA has also adapted the British practice of promoting croquet in schools, using the game's tactical aspect as part of the mathematics curriculum. Arkley believes this gives the US a growing advantage over the other two great croquet playing nations, Australia and New Zealand.

"The US will be participating in the next Test (in 1993) for the first time and there is no doubt that America will be a two to Britain team. There are no young players coming into the top level in Australia or New Zealand whereas we have got a lot of young players."

The Australians in fact were unruffled. At 20, Mark Kobelt may not be as young as Fulford and Clarke but he is a great example of Australian determination and delight in the game. A sheep shearer from New South Wales, he calls himself "a small town bushie" who entered his first official tournament just three years ago. "The game's brilliant, it's really challenging and requires such a variety of skills," he says.

There are now five official clubs. However, Graham Ravey, president of the Federation Française de Croquet is alarmed that, following a two-page article in *Figaro* magazine, he has been inundated with enquiries to join clubs.

"Three hundred and fifty in one month," he says in shocked tones, adding that he has no intention of letting them all in on the act. "They are all serious. We will have times with people for whom it is just a mode."

The final of the World Croquet Championship will be played at the Hurlingham Club, Ranelagh Gardens, London, on September 15. Tickets are on sale at £5.50.



Hoop-in at Hurlingham: Jerry Stark in part of the US invasion

Golf/John Hopkins

## French in the rough

THE FRENCH have taken up golf with a vengeance. The nation that provided the winner of the Open Championship in 1907 has become besotted by the golf. You only have to attend the Lancôme Trophy at Saint-Nom-la-Breche outside Paris this weekend to see that in France, the golf is new chic.

The boom began nearly ten years ago when golf was growing in popularity elsewhere on mainland Europe. Within six years the number of members in France had doubled. The number of registered players rose from 43,613 in 1980 to 135,146 in 1989. By the start of the 1990s it was hard to avoid the pervading madness of golf - even if it was only a pattern on a tie or a belt or a symbol on a keyring. One hundred and 11 golf courses had been created since 1981, a rate of expansion that matched the extraordinary boom in golf-course building that went on in the UK in the late Victorian and Edwardian eras.

That was only the half of it. In January 1989 a further 10 golf courses were under construction. Of these, 10 were in private golf courses. By January 1991 there would be 111 courses in France.

That was the plan. Unfortunately, the reality is somewhat different. There has been hit

by the recession. It is not known how many golf courses have closed, are operating at a loss or are for sale in France at present, but it is a lot.

One example will suffice. Chateau des Forges Golf & Country Club SA, set amid 200 acres of rolling, wooded countryside 20 miles southwest of Poitiers, in 1988 work was begun on behalf of its French owners to convert the chateau into an hotel and restaurant and to build 27 holes of golf.

"It was correct at the time," explained Ingemar Hagblom, the finance director. "There was to have been golf from March to October and after that hunting the wild boar. To have here in very early. It is very suitable for northern Europeans, particularly the Channel tunnel is finished. For Johansson it gives us the feeling of being at home."

The club was FF800m (FF800m) Little was imported from Spain. The golf office, an attractive sandstone building, was moved from Angoulême, 60 miles away. Nothing was too much trouble in the expensive.

It was a pattern of success. The club was being repeated all over the country.

The trouble was that not enough golfers came to Chateau des Forges. The club was hit

France's new projects. The number of people who are willing to pay the large membership fees was much smaller than had been thought. "Golf is a buzz word, like 'nirvana'," said Charles O'Brien, an Irishman who owns Les Forges. "It's a buzz word, like 'nirvana'."

Chateau des Forges was hit by the Gulf War. "We can be good for business," said Hagblom. "This was bad." Hagblom was hit by the Gulf War. "We can be good for business," said Hagblom. "This was bad."

O'Brien's pitch and putt project stands on family-owned land, much of it built by the owner of his own hand. It has survived while many of the more ambitious projects in neighbouring regions have failed. Chateau des Forges was hit by the Gulf War. "We can be good for business," said Hagblom. "This was bad."

The moral is that big is not necessarily better. Small can be beautiful, too. Meanwhile, the men of Chateau des Forges ponder the future. "I don't know whether we can pull through," said Hagblom. "Right now we are just holding our thumbs for the future."

Frankfurt Motor Show

## Cars for a green future

Stuart Marshall on a long list of newcomers

THE MOTOR industry may be licking its wounds and looking at an uncertain future but you would never suspect it at Frankfurt's exhibition centre this week.

The car show, which opened there on Thursday for a 10-day run is bigger than ever. There are so many new models on display that it is hard to see the entry list for next year's European Car of the Year Award - it will be finalised in a few days time - will be longer than ever.

For every conceivable need (and a few inconceivable ones) there is a computerised sports car with a theoretical top speed of 192 mph (309 kmh). There is a car that can change shape to suit driving conditions.

This road-going experimental car, developed from the World Championship C11 sports-racer, is for sale. If it is, buyers would find that, like all Mercedes-Benz production cars, it has a top speed of 192 mph (309 kmh). However, some of its systems are bound to be on future Mercedes-Benz cars. Among them are aerodynamic aids to increase downforce, when needed, to improve braking grip, tyre pressure monitors and active suspension that eliminates unwanted body movement.

The thought of any car - even if limited to 100 mph - getting on the road is enough to make many an environmentalist's or road safety campaigner's flesh creep. (At times, mine too). But every time at Frankfurt there is evidence of the impact of environmental issues on the car manufacturers.

Volkswagen believes that its squaky-clean Chico concept could form the basis of a new class of car to meet changing social and environmental needs. Chico, only 10 ft (3.05 m) long, has semi-sliding doors that are safe and easy to open in confined places and a hybrid power train. In town, it is driven by battery-electric power; in the country, by a 54-horsepower petrol engine with 5-speed gear box.

Hybrid, rather than purely electric power, is seen as a realistic option. For city centre use, the short range of an electric car will be cheap, conventional lead-acid batteries are acceptable and the limited power in the country, by a 54-horsepower petrol engine with 5-speed gear box.

BMW's E1 concept car is purely electric but it has high-energy (and high cost) sodium sulphur batteries. They are so efficient that E1 has a top speed of 75 mph (120 kmh), gets 100 mpg (0.50 kmh) in 10 seconds and runs for 160 miles (260 km) between charges. With an aluminium chassis and plastic body panels, BMW says E1 would be simple to recycle when its working life was over.

The need to reclaim the materials from which cars are made is a theme among all exhibitors. It is not enough for cars to have reduced emissions. Manufacturers of the cars they take to minimise environmental damage caused by the manufacturing process itself.

Volkswagen has scored a first by agreeing to take back its 1990 GL (due in Britain in 1991) for disposal when its working life is over. This is one car unlikely to be seen dumped by the roadside in the 2010s and after.

Other hybrid vehicles are being shown by British Inter-

national Automotive Design company. Ford IAD's chassis could be the black cab of 21st century London. The 80 mile (128 km) range of the sodium sulphur battery can be at least doubled by boosting power with a very small petrol engine. Ford's sodium sulphur battery powered Escort delivery van goes for 100 miles per charge, 100 miles as a hybrid. Back to the immediate future, there is more good news from Frankfurt for buyers of large cars. Ford is showing its long-ranged Scorpio estate which will be offering competition to Citroën's XM and carrier, though still until early next year in Britain. It will be available with 4-cylinder and V6 engines, automatic transmission and air conditioning. UK sales of Mitsubishi's interesting 1.8 litre, multi-valve engined Space Wagon and compact Space Runner multi-purpose vehicles, which are making a Frankfurt debut, start on October 1.

Volkswagen claims that the Chico is safe in its class and that it is able to meet the rigorous tests to be introduced in the UK in 1993. One of the standards for a 35 mph (56 kmh) frontal crash is equivalent to the Golf being dropped on its roof from a fourth-floor window. It is also, says VW, the first car to be offered throughout Europe with a catalytic converter as standard. Though unmistakably a Golf, its styling is recognisably different and the interior is more welcoming.

Locking horns with the Vauxhall Astra, yet another Frankfurt newcomer, which arrives in Britain next month. The Astra - Opel has dropped the name Astra - is evolutionary rather than revolutionary. But the Astra hatchbacks, sedans and estates look like they will have some bright and sensible ideas.

UNTIL NOW, the blood line of Toyota's family cars ran from Starlet to Corolla, Camry to Camry. But not any more. The current Camry is a good car, its successor, unveiled at Frankfurt, is even better, because it is a son of Lexus, not a relative of Corolla.

Lexus is Toyota's up-market brand. The Lexus LS400, a V8 powered and spectacularly silent, expensive car like the Mercedes-Benz S-Class, BMW 7-Series and Jaguar in everything except price.

The latest Camry V6 even looks rather like the £27,000-plus Lexus LS400 in some respects. It brings similar refinement within reach of buyers with around £15,000 to spend. For that they get a medium/large executive saloon with a 3-litre, 185-horsepower V6 engine, automatic transmission, air conditioning, cruise control, ABS brakes, CD player and leather upholstery.

In Bavaria, last week the Camry V6 GLE tried to be almost unmercifully quiet at up to 120 mph (193 kmh) on the autobahn. Hard to believe that the engine hum must be so loud and tyre noise never intruded. It coped comfortably with all sorts of road conditions with the same ease and security Europeans expect of a car of quality.

The 1.8 litre, 134-horsepower 4-cylinder engine of the GL costs £17,290 when the car is on sale in Britain (in October 1991) but to work a little harder but is almost as self-effacing as the V6. Toyota had 17 rivals, from Alfa 164 to Saab 9000, BMW 5-Series to Volvo 900 Series. I don't know if any can match it for a combination of refinement and value.

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## HOW TO SPEND IT...

# Now the winter warmer gets a slick new silhouette

The designers of this season's dream coats have rediscovered their fun and flair, reports Lucia van der Post

IT IS TIME to pack the barbecue, put the cover on the swimming pool and address the serious matter of how to stay warm and fashionable in the winter to come.

For the last few years the mild weather and the prevailing fashion of the late 80s have combined to persuade many a fashionable woman that she could get through the chilly season without that erstwhile staple - The Winter Coat. The modish addiction to building a silhouette from layers of clothing, the attachment to bringing sporting garments in from the cold and adapting their lines

for city wear, meant that a combination of sweaters, or throws, anoraks and parkas could see almost anybody through the British winter.

Not surprisingly this is a little dispiriting for coat designers, whose lack of work and income has been for all to see on the coat rails in the stores. This year the depressing circle seems to have been broken and coats are again look tempting - they glitter in gold, beckon with softness and dazzle with colour. The over-riding look is big and powerful, with top layering and slim legs. Remember

that the silhouette of the autumn wardrobe is still likely to be very lean - bodies, bodysuits and leggings are the first layer over which the rest of the silhouette is built.

There are several key looks to watch from. The first is a slicked up and much more sophisticated than in the early days when Norma Kamali's long padded silhouettes made the once chic citizens of Manhattan look like walking sleeping bags - is with us once again.

It is at its most sophisticated (and expensive) when sculpted by Issey Miyake, Claude Macrae or Jean-Paul Gaultier, but countless more workaday manufacturers have versions of their own at very much lower prices. MaxMara has a very luxurious version trimmed with real fur while Frank Usher has a gold padded version which is long on glamour, if not on warmth, for £110. It looks at its best (doesn't everything?) over long, skinny legs clad only in tights or leggings.

The egg-shaped coat (these have been out in the middle of the 1980s) is a fashionable shape this winter. It is probably at its best in the hands of names like Byblos and Claude Montana. Harvey Nichols has its own-label version in wool and cashmere for £255. MaxMara has several versions in rich colours like navy and through to the brilliant new lipstick colours; prices start at £350. Needless to say these, too, look at their best over long, long legs.

Swing trapeze coats in jewel tones are everywhere - again MaxMara does them cleanly, simply and beautifully. Duffles and parkas, in sophisticated urban mode, are with us again, smartened up and in fabrics ranging from padded silk to lovely version at Episode which is warm acrylic and soft wool.

The bargain of the moment probably again comes from River Island, the chain which makes a point every year of doing something stunning with fake fur. This time round it is a soft, pale hooded duffie in cream acrylic which sells for just £285.

Little, tightly-belted coats with fitted skirts are sometimes a smart way to be over something else and out-of-doors and sometimes just a coat-dress worn completely on its own. The silhouette is very, very little girl. Joseph does a wonderful one in gold satin.

For everybody wants a full-length coat - the very lean and young would look wonderful, for instance, in a bodysuit topped with a long fur flying jacket. But those who are in on new trends before they really take off should look

that the very latest shape of all is the fit and flared military coat. Think Doctor Zhivago and you will get the idea. It is the sort of coat you would want to have on if you were going to elope on the Trans-Siberian railway. Fur or velvet-trimmed, worn with thigh-length boots it is the very opposite of the saucy, pert trapeze and leggings.

The problem with wanting to get in on a trend early is that the first foray into a new style is usually done by the designer labels - Edina Ronay has a wonderful version for £785, and Ralph Lauren has a wonderful navy military trench coat for £450 with leather, gilt buttons and huge gold-banded cuffs. The department stores all have a few of these on the rails but don't expect the look to be properly until next year - by which time you will be probably be able to buy them for around £100 in any one of a number of chain-stores.

ILLUSTRATIONS:  
NICOLETTE EISEDELL



This winter coats come many-shaped but the overriding look is short and capacious on top with lean, lean legs below. Stretched here far left is Nicole Farhi's short and swingy wrap-around with a fake fur shawl collar, in a variety of chic colours - honey, oyster, mint, currant, black or charcoal - It sells for £395 from Nicole Farhi at 6 Market Street, Manchester and 183 Sloane Street, London SW1 and also from Harvey Nichols at 190 Knightsbridge, London SW1 and Cleo, 111 William Street, Windsor, Berks.

Top left is Joseph's double-breasted trenchcoat in sizes 10, 12 and 14, it sells for £270 from Joseph at 28, Sloane Street, London SW1. It looks most glitzy in gold but also comes in navy or bright pink.

Above, the duffie coat is one of fashion's perennials, always turning up in one form or another. These days the designer brigade have got their hands on it and smartened it up, city slicker style. River Island's pale soft hooded version comes in 100 per cent acrylic. In cream only, sizes 10-14, it sells for just £285.99 at select branches of River Island and must be one of the bargains of the year.

Near left short jackets work wonderfully with lean leggings. This version is in brown fake fur (97 per cent polyester, 3 per cent cotton) and comes in a variety of colours - corn, aubergine, sage, black and brown. In sizes 8-14 it sells for £345 and is available from Nicole Farhi shops, Cleo, and Harvey Nichols.

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## ... HOW TO WEAR IT

## The psychology of shirt tales

FOR THOSE who feel more at home with chain-store prices than designer labels this is a good year. At Marks & Spencer there really is excellent up-to-the-minute designs have been coupled with good but you need to make it to one or other of the main branches (in one case London's Marble Arch only) and you need to be quick: these sort of high-fashion bargains sell out fast.

Look for a short-sleeved coat at just £89.95. It is called an "edge-to-edge" coat (that is it has no buttons) and is perfect to wear over knitted looks that are everywhere this autumn. It can look formal for evening and be worn casually over jeans - this season's version, if you like, of the classic. It looks good in white but comes also in a honey colour.

For those who like leather - and leather is everywhere in the designer collections - Marks & Spencer has a very zippy short swing leather coat, fully lined, for £250.

Those in the know will tell you that it looks very like a much more expensive designer number. It is exceptional value - it would probably be double the price anywhere else - so you will have to be quick off the mark. It is only in the top stores, including Marble Arch. Finally - and this one will be only in the Marble Arch branch, in about a fortnight's time - look out for a three-quarter length coat in charcoal grey with an enormous black fake fur hood. It has big penny buttons and drawstring at the bottom, is 75 per cent wool, and costs £289.95.

THE shirt does not seem the most revealing of garments. When clean, crisp and well-chosen we do admit it has a certain charm and some are more charming than others - but deeply revealing? Well, some of those whose shirts have been taken a good long look at the male and have their own perceptions of what a shirt is saying about the man who wears it.

Charles Tyrwhitt, a young and keen shirt-making company that has a lot of pretty girls going into some of the grandest offices in the City of London, has put together a (light-hearted) guide to what your shirt says about you.

He who wears nothing but white shirts has, it seems, difficulty expressing himself and is definitely dominated by his mother. Small stripes, close together, worn by the traditionalist with conservative tastes, although in a man's gentlemanly way. Bold stripes, apart, on the other hand, suggest you should take care - the wearer is likely to be very ambitious and competitive, the sort who plays office politics for real.

Multi-coloured stripes are for the sexual athlete, he who likes to display his body and enjoys fast living, fast cars and women. Put on a pink shirt and you are deemed to be a quiet romantic who wears his most refined pleasures.

The man who wears his sleeves rolled up is likely to be a larger lout, more interested in his Saturday nights than his job. Cufflinks, the girls observed, were the mark of a stylish, sophisticated and charming man. Those who don't wear a tie and leave the top button of a shirt undone are lazy, egotistical and slobbish but for some unaccountable reason attractive to women. This type is also keener on payday than the man in hand. The chap who keeps his jacket on all day is insecure, afraid of women and a nuisance in the office, while the man who never wears a jacket is super-confident, authoritative and very aware of his attractiveness to women.

Finally, he who wears a button shirt is a genuine, clean living, down to earth sort of chap who takes care of his appearance and is liked by his work mates, but the chap who still wears nylon shirts is weedy, ill-mannered and has

never had a girlfriend.

James Meade, one of the leading purveyors of shirts by mail, set about unearthing current trends in shirt-wearing by stationing people in the City with a brief to do nothing but shirt-watch. They discovered that the older and the more high-powered the worker was, the shorter his lunch and the longer he drank he had. The younger they were, the more they ate and about at lunch-time and the more likely they were to do a little shirt-buying on the way.

The shirt spies found that the younger men went for button-down collars, plain coloured shirts, long sleeves, double cuffs and cuffs with their tie laces and the collar undone (as if to attract the women getting ahead in very serious work). Wall Street-style shirts were no longer the thing, nor are

my "Street" accolade, with real mother-of-pearl buttons and (a big USP this) removable brass collar stiffeners.

There are, Meade, extra long tails and quite a choice of sleeve lengths with double or twin-button single cuffs. Then there are two Oxford shirts, one country shirt in 80 per cent cotton, 20 per cent linen, and a standard price of £34.50 BUT (and given that Charles Tyrwhitt researches say that the average City type buys 6.1 work shirts year this is worth noting) it gives one free shirt for every four bought, which brings the price down to £27.50.

Charles Tyrwhitt, who is a great deal in City circles - it will deliver the same day by 10.15 if necessary - but shirts are posted all over the UK. Write for a brochure to: Charles Tyrwhitt, Faraday Road, Freeport, London W10 6BR. (Tel: 01-834 4444).

James Meade has been in the business longer and has a slightly larger range of fabrics, offering a different design as well as regular cut-away collars, single or double cuffs. At the moment its winter brochure features some special offers on end-of-line, including poplin shirts at £15.50, although the basic price has just risen to £20.50. It also removable plastic collars but with either a plain ones or a striped and striped ones.

Meade and Tyrwhitt are actually going to be a "back to two" but can be four weeks. Write to James Meade, 111 Caroline Road, Andover, Hampshire SP10 3JL (Tel: 0264-333222) for a brochure.

Thomas Pink is a specialist shirt business that grew rapidly back in the 1980s when niche businesses were booming. It was in its heyday when Meade and Tyrwhitt do - in sell high quality, so-called "Jersey Street" shirts at competitive prices. It took off at once



Watch those stripes - they may be giving away more than you know...

and expanded its mail order.

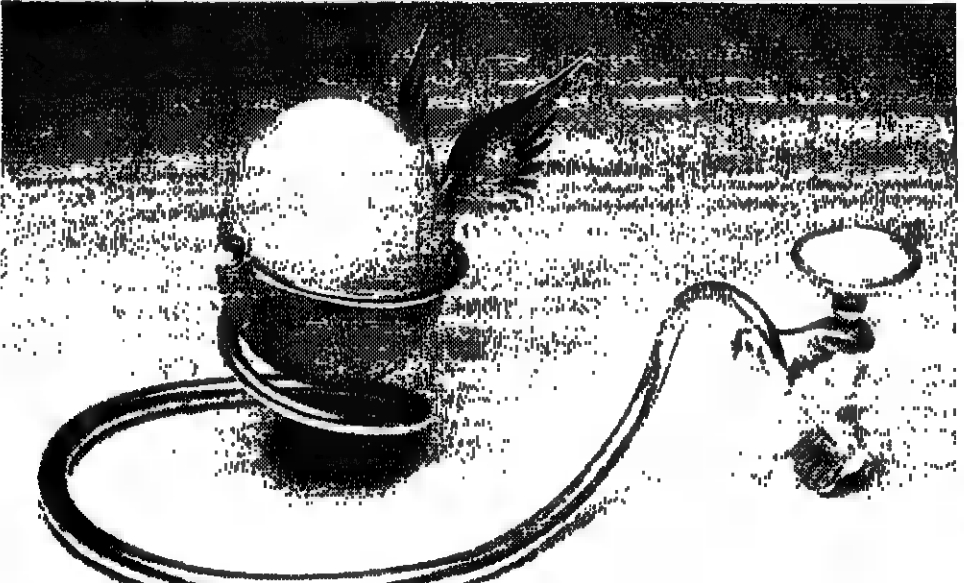
One of Thomas Pink's range of stripes and there are those who claim that the shirt is roomier and the hole longer.

James Mullen, one of the three brothers who run the company, is exceedingly tall and he is said to have created the shirt to suit himself. Today it is in the heading of mail order (there are no brochures available for the present though existing customers

can order more of the same, so to speak) and expanding its retail side. It now has shops at Blomfield Street, London EC2, 20 Dover Street, London W1, Drayton Gardens, London SW10 and 15 Cullum Street, London EC1.

It has developed a label system rather like the Champagne houses. Black label is top of the range and means the shirt is of two-fold cotton poplin, cotton Oxford, pinpoint Oxford

or similar button and cuff details. Blue label comes the Red label, which signifies single-fold poplin, though the same manufacturing standards, and is for £29.50. The City shop in Blomfield Street has seen the launch of a new soft-roll, button-down shirt which rejoices in a Blue label and costs from £22.50 to £34.50, depending on whether it is in poplin, poplin, cotton Oxford or Oxford pinpoint.



LORNA CAMPBELL'S marvellously inventive silver egg-cup is one of 72 pieces by graduating art and design students that Zeev Aron has collected for sale in the Covent Garden shop. For the last four years, Zeev Aron, of Aram Design, has asked British students to bring the best work in a wider audience. It is a labour of love - he takes no commissions, charges no fees - hoping to bring together industrialists and the rich pool of talent. Anyone interested can get a contact list of the students' names and addresses, and those who have no employment to offer ought to find plenty to admire. The exhibition, at Aram Design, 31 Essex Street, Covent Garden, London, runs from September 12 until October 4, from 12.30 to 5.30 pm days a week. Lorna's egg cup, in sterling silver, costs £220.

The parka (above) is a personnel classic design, long appreciated by those who live rugged outdoor lives. In recent years it has come in from the cold and been refashioned in every fabric from fragile silk to tough acrylic. This version by Byblos is an exceptionally luxurious model made from 80 per cent wool and 20 per cent cashmere. In sizes 10 - 14 it comes in cream only from Harvey Nichols, 190 Knightsbridge, London SW1. Browns of 27 South Molton Street, London W1 also has it in cream and black. £460.

weedy, ill-mannered and has

Kitchen talk

Geoffrey Drayton Interiors, the purveyors of splendid kitchenware to the designer set featured last week, are to be found at 4, Porter's Walk, Tobacco Dock, London E1.



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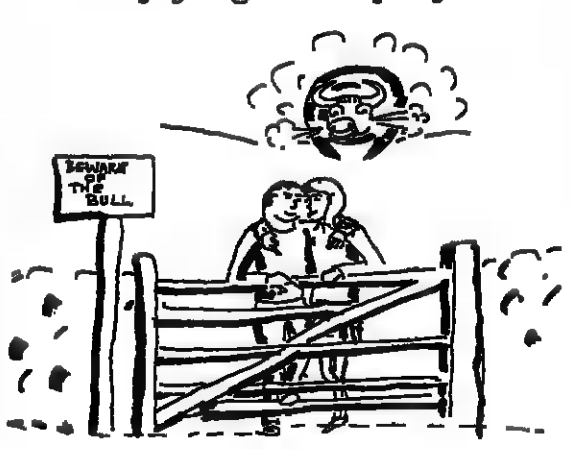
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## FOOD &amp; DRINK

## Integrity, for less than £3

IF YOU were to take the tree-lined Route Nationale 113 from Bordeaux, centre of the traditional wine world, to the untravelled concentration of wine bargains that is today's Languedoc, the first vineyard you would come to, after three or four hours bicycling and sweeping the hillsides, would be those of Cabardès (pronounced "Cab-are-dess").

Here the scale is altogether different. Narrow roads, heady with the Mediterranean scents of wild fennel and thyme, dip and dive around patches of vines punctuated by garigue and pines. White boulders and rocky outcrops are the more obvious manifestations of geological diversity. From them you can see the extraordinary turreted towers of the castle just to the south and, on a clear day, west along the Pyrenees all the way to Lourdes.

It looks idyllic and the dozen wine producers of the area are dedicated to keeping it so but they have a problem. Their export prices are often as low as FF80 or 80p, per smart ex-château bottle.

What brings headaches and penny to these vigneron, and thousands of others in the Languedoc-

Roussillon, is of course a gift to wine consumers. But the unusually cohesive, committed and uncompromising band of Cabardès producers can offer those used to the flavours and dimensions of red Bordeaux something special: an introduction to the Languedoc that is not just geographical but tastable. Cabardès, almost all of it red, like a halfway house between the familiar Cabernets and Merlots of Bordeaux's Atlantic vineyards and the Languedoc's more Mediterranean make-up of Grenache, Syrah, Cinsaut and the ubiquitous Carignan vine.

A full-blooded St Chinian or Fitou can come as a bit of a shock to a palate reared on St Estèphe or even Fronsac, but a typical Cabardès has the same sort of weight as a Bordeaux and contains a mix of "Atlantic" and "Mediterranean" grape varieties. As Gabriel Tard, a young lawyer who decided to dedicate himself to upgrading the family's Cabardès, says: "We don't want to be like the rest of the world mak-

## Jancis Robinson finds bags of character and bargains among the wines of Cabardès

ing just another wine from the Languedoc.

His property is in the south-eastern sector of the region where, as one would expect, the Mediterranean is dominant and the wines, such as those of garlanded Château Salinis, are rounder, riper and bolder.

Another of the region's biggest properties, and probably the most widely available, is the historic Château de Pignatelli. Molitère stayed here - whose holdings include vineyards spread widely over Cabardès' various subregions. Château de Pignatelli is just 12.50 at Salinbury's and much riper 1989 is 12.50 at Pignatelli, London ECI and

East Anglia and £2.45 at Haynes Hanson and Clark of SW6. These very Cabernet wines are also shipped from this tiny vine outpost to San Francisco.

Wines of Britain's Majestic Wine Warehouse may well be familiar with the wines of Château de Pignatelli. Owner Alain Maurel is proud of the 1989 red at £2.99. Watrous sell his Domaine Lecland Cabernet 1989 for £2.95 - a much better buy than the maddy, Maurel Cabardès Watrous stock at £2.79. The more acid soils of the region make for distinctive reds and delicate roses that express well the unique "Vin de Deux Mers" style of Cabardès.

The region has been paid the compliment of relatively new investment. A talented young winemaker from the Conques co-operative will be making his own first vintage at La Ventaillole this year and Domaine des Caneilles-Bantes, also in the west, is the result of hard work on the part of

the Rouquet family previously in the wine business. Their attractive Syrah-influenced 1989 is £2.49 at Haynes Hanson and Clark of SW6.

On the other side of the Languedoc is another VDQS available for AC status and the appellation "Ideal Introduction to the Languedoc". Côte de la Méditerranée. These are equally attractive but the region, being wetter and more westerly, is even more Atlantic-influenced and, with the exception of a few individual vines, is less distinctive than the north.

As the age of vines in the newly-replanted vineyards of the Languedoc increases, and as winemaking techniques and equipment improve, the wines of Cabardès should get better.

They are already beautifully packaged, looking at first glance almost indistinguishable from a chateau-bottled claret costing three times the price. One wonders how many wine buyers have picked a bottle off the shelf thinking that Cabardès is that famous red grape variety they use in Bordeaux.

Cookery/Philippa Davenport

## Champion of English food

ARABELLA BOXER'S is a quiet voice of calm and sanity in today's hyped-up foodie world where internationalism amok and too many cooks look for applause instead of aiming to please.

Her first book, *Along the River*, published in 1964, was written as a protest against the fashion for elaborate, pretentious and over-rich foods.

Her recipes then, and since, have been remarkable for their use of ingredients that are the best of their kind. Her aim is always to show off good foods, not to show off the cook.

Her latest book, due out next week, laments our national tendency to decay and neglect our own foods and to lavish praise on other nations.

"The English are a strange mixture of complacency and insecurity, for they genuinely don't seem to value their own culinary inheritance," she writes. She sets out to restore a bit of proper British pride in good English food by describing the "brief history of excellence" in English food and its place in British society between the wars; a discreet revolution in food as Edwardian pomposity and formality faded and uncomplicated elegance took its place. Also the advent of the Second World War wiped this in the bud.

Arabella Boxer's *Book of English Food* (Hodder & Stoughton £16.95) is a great deal more than a recipe book. Laced with quotes from contemporary diaries, letters and cookbooks, drawing on memories of her own childhood and the reminiscences of family and friends, she describes country house style and that of the great and ambitious hostesses of the time. Vivid pictures emerge of the parties they gave and of family meals; the changing menu patterns that evolved; how, where and what hour meals were served in the upper echelons of British society in the 1920s and 1930s. It makes fascinating and very appetising reading.

The *Book of English Food* is a treasure trove of recipes, many of which are unlikely to find their way into the English kitchen, but to go some way towards restoring the balance.

**MILK SADDLE OF LAMB**  
Rarely seen nowadays, at gilded dinners, this is, as Boxer says, one of the glories of the English kitchen. In pre-war days it would have been a "saddle of mutton", which has a different all its own. But a saddle of well-reared lamb is a marvellous thing. Allow roughly 1 lb per person.

Saddle of British lamb, approx 6 lb; 3 best olive oil; 1 tablespoon lemon juice; 6 branches of tarragon and 3 of chervil (optional); 1 pt lamb, beef, veal or chicken stock.

Virtually nothing needs to be done to this joint, except paying for it, before putting it into the oven. In spring and summer, when the lamb is young, I rub a little virgin oil all over it, sprinkle over a few drops of lemon juice and some freshly ground black pepper, and lay branches of tarragon and chervil all over. In winter, when the lamb is older and fleshier, I rub a little olive oil over it with oil, lemon and pepper.

Lay the joint on a roasting rack and cook for 1½-1¾ hours, whatever its weight, at 350°F/180°C, gas mark 4. It does not need basting since it is completely covered with its own fat.

When the time is up, move the joint on to a carving platter and cover it loosely with foil and a heavy cloth. Stand it in a

warm place for 15-20 minutes before carving; this is very important.

While the meat rests, make the gravy. Heat the stock in a small pan and pour off the fat in the roasting tin. Strain the tin over a moderate flame. Add the hot stock to the tin, scraping and stirring until all the caramelised meat juices amalgamate with the stock. Let it all bubble away and reduce for a few minutes, then strain into a sauceboat.

Although a saddle is a good-looking joint, it is perhaps easiest to carve in the kitchen. It must be cut parallel to the bone, in long strips, about ¼ inch thick on the outside, tapering slightly as they meet the bone. If too long, they may be cut in half to serve. Sometimes the whole saddle is slightly concave, making it very hard to carve. In this case cut the whole joint in half with a strong knife then carve as above, in shorter strips.

**ICE CREAMS AND HORSE RADISH SAUCE**

Boxer recommends using a mixture of red and yellow cherry tomatoes for this salad. One of her favourites, for serving with cold roast lamb, beef or duck, it is based on a recipe from *Wendell's The Greenery* by Nancy Shaw, published in 1938.

1 lb small tomatoes, skinned; ½ pt mayonnaise; ½ pt double cream, lightly whipped; 2-3 tablespoons grated horseradish; 1-3 tablespoons milk.



Refrigerate the skinned tomatoes until well chilled. To make the sauce, fold together the mayonnaise, whipped cream and horseradish, and chill lightly. At the last moment, thin the sauce with a drop of milk to achieve a spooning consistency, and pour it over the tomatoes.

**BROAD BEANS WITH ARTICHOKE BOTTOMS**

Boxer points out that this utterly delicious dish would probably have been served on its own, after the main course, in the 1930s, but it works well today as a first course.

1 lb shelled broad beans (allow 3 lb to 4 lb in their pods); 3 artichokes; 1 oz butter; ½ pt chicken, veal or vegetable stock; 1½ cups chopped chervil (optional).

Cook the beans in salted water. Boil the whole artichokes separately for 40-45 minutes, then drain well. Discard the leaves and choke. Cut the artichoke bottoms into small dice.

Melt the butter in a pan. Add the vegetables. Cook for a moment or two then add the stock and seasoning. Cover and simmer for 10 minutes, shaking the pan from time to time. Do not stir or you will break the beans. Turn into a serving dish, sprinkle with chervil when available, and serve as soon as possible.

Limited supplies of genuine mutton, the meat of Shetland cross Wensleydale sheep, carefully hung for two weeks, are available from Heil Farm, Kings Nympston, Unbergh, Devon EX37 9TB, this autumn. Whole and half carcasses weigh approximately 10 lb and 5 lb respectively. For further information telephone Ann Wilson on 0769-574341.

## Goodbye Cheam, hello brave new world

MOVING house is a nightmare. Moving your company, the restaurant business, and depend on loyal customers remembering your front door and telephone number, can be risky.

When you move, both home and business, you must be passionate, desperate or both.

The Borgonzolo family, chef Vincenzo, wife and mistress Elaine, and daughter Angela, who helps out on busy Friday nights, have just moved to a new home in the middle of the year. In mid-July they moved the Cheam restaurant, which they had run for 10 years, to a new home on Monday.

At 30 Connaught Street, London W2, swapping one flat above the restaurant for another. This time they are hoping for financial rewards as well as culinary plaudits.

They have not achieved the result of circumstance, naivety and geography. Vincenzo came to London from Naples in 1986 to take up his job as a barman in a Spaghetti House.

In southern Italy, he was 30 per cent of the main cook, although possibly not with the passion he does. He spent the next seven years teaching himself how to be a better, convinced that this was where his future lay.

In 1991, with the help of his mother and sister who gave them house as security, he raised the money to convert 53 Upper Mulgrave Road into a restaurant. The family had seven tables to fill, a £23,000 loan to buy and a firm conviction that London was waiting for their food.

Sadly, it was not. In 1991, even central London was oblivious to the charms of true Italian cooking. Vincenzo began a year before Orso's whetted so many appetites in Covent Garden and long before the River Café in London - and others - spread the gospel.

But the Borgonzolos were not in central London but on its most southern outskirts, where potential customers expected the "Italian school of Italian cooking".

Vincenzo was not prepared to make any compromises and during the 1980s the family struggled. They suffered financial loss, but they were not prepared to make any compromises and during the 1980s the family struggled. They suffered financial loss, but they were not prepared to make any compromises and during the 1980s the family struggled.

Looking back, Vincenzo says the struggle was a hard one. In the first courses but there is risotto with saffron, ham and parmesan; rabbit pan fried with sun-dried tomatoes;

**Nicholas Lander on a restaurateur who moved lock, stock and barrels**

and an earthy fried potato cake with goose salami. There is no escape of *veal minestrone* in the main course but monkfish cooked in silver foil with courgettes; loin of pork with three kinds of beans and truffle oil; and quails with an apple and chestnut sauce.

Among an eclectic range of desserts was an extraordinary dish of aubergines dipped in dark chocolate layered with almonds and mixed peel that was as exciting as the dates with marzipan, rolled in pistachio nuts and served with a plum sauce.

Very favourable reviews in 1986 and 1987 removed some financial pressure; they sent him every good review to their bank manager - and convinced them that location, rather than skill, was the biggest impediment to success.

At last, they looked over Barnes, Wandsworth and up and down Fulham Road. On

weekdays Vincenzo went to the markets, where he did all the buying, and in the evening he cooked. In 1989 the family made its first offer on premises in Connaught Street which was rejected; a year later the agent called them to say that the other party had withdrawn and the property was available.

So the Borgonzolos are taking over 30 Connaught Street, which was the Prince of India restaurant, in a swap that will see the Prince of India reopening in Cheam. But it has not been an easy swap. A delay over the liquor licence set back the deal by three months, and Borgonzolo resignedly describes the last six months' negotiations as "like the Grand National - one bloody hurdle after another".

When I went to see the new restaurant in July it was full of dust and rubble. The Borgonzolos full of hope. They had just placed their first staff advertisement in the *Evening Standard*. Because he is so adamant that only a fellow Italian can understand and prepare the style of cooking he likes the advertisement appeared in Italian, because both he and his wife find the uninterested attitude of so many Italian waiters to this country so antipathetic they have added the words: "No peppergrinders please!"

But they also realise that after seven years' hard labour, principles are not enough, either for their customers or the bank manager. They are beginning to appreciate some of the new problems they will face and the new skills they will have to learn. In W2 they will face a more cosmopolitan, appreciative and demanding clientele; they have employed staff, other than a kitchen porter, and in Cheam they were open only for dinner with the whole day to prepare the evening service.

They hope that they will be allowed to find their feet gradually. They intend to start by opening the ground floor only, which will seat 30, to sort out the initial problems and then to open the basement which will seat a further 25. If they get this breathing space Borgonzolo will realise their ambition of an all-day, family-run Italian restaurant - and one less than a mile away from Marble Arch.

At San Vincenzo, 30 Connaught Street, London W2, 071-262-9622. Two-course lunch £16, three-course dinner and coffee.



Vincenzo and Elaine Borgonzolo: on the move to higher things

## Appetisers

In France, must presumably be appalled by this generous payment in kind.

ANYONE interested in buying top-quality French cheese from Patricia is now in luck.

You can telephone on a Monday for a specific cheese and order a tray of cheeses which will be delivered, fully-decorated, to your door, or you can collect.

Walk past the family cycles to the garden where, next to the climbing frame, Michelson has converted a garden shed into a temperature-controlled cheese cellar.

The cheeses are delivered to her from a top French maître fromagerie every Wednesday morning and prices start at a £10 per tray. La

Fromagerie, 63, Talbot Road, London N6 6LJ, 081-345-5515.

HOW COLD is your fridge and in what order are the items in it? (Raw food should be on the bottom, dairy products at the top.)

Sainsbury's has surveyed its customers' refrigerator habits and discovered two major areas of concern: temperature, which, for the main section of a domestic fridge, should be between 3°C (36°F) and -5°C (23°F), and the possibility of cross-contamination between uncooked meat and cooked products through the use of common utensils or

Sainsbury's has produced a leaflet *Hints for Home Hygiene*, and is giving away checklists in liquid crystal fridge thermometers.

As they say in Europe/James Morgan  
Socialism and dustbins

one round once their candidates have been knocked out; if there is no communist party they will, it is assumed, all vote National Front.

But there is more to socialism than preserving the communists as a monument to France's glorious revolutionary past. So Thomas Ferenzi produced a long piece in *Le Monde* entitled "After Marx, What?" Now, a Michel Charbat had said that Socialism in France was at its last gasp.

Charbat is the man charged by the party with the task of bringing ideas up to date. This provides Ferenzi starting point for one of those impenetrable debates that persuade Anglo-Saxons that the French are much cleverer than they are. One thinker was quoted thus: "Socialism's basic materials have been borrowed from a form of determinism and a linear definition of history, deduced from natural science as it appeared at the beginning of the century."

The conclusion, if there is one, is that the intellectual saviour unfortunately could be an American political philosopher, John Rawls. He believes in a theory of political justice that

affirms legal equality, individual differences and equal opportunities. The main proposition is that any society has to justify itself to its least privileged members.

I once asked a leading light of the Labour Party in Britain what he thought of John Rawls and he said he had never heard of him nor, he supposed, had any of his colleagues. This is may be what he said, but it is not what he thought. "Eleven years of Thatcherism left the British left with a certain vacuum of ideas, but also with an obsessive desire to return to government."

The lack of ideas, in my modest sense, is also evident in Spain. The government of Felipe Gonzalez seems just to have adopted Thatcherism and called it socialism. It was therefore rather surprising that in Paris, the Madrid daily, reprinted the whole of Thatcher's 1987 article without explanation. It was obviously thought to be just as significant in a wholly different political context.

In Western Germany socialism is still a rather distant past are coming to light in the current

bequeathed any number of illegitimate offspring. So in the general round of sneering at the Left that is in the air, the German *Zeitung* had a go at the German movement arguing that its real target was always the US.

The end of the cold war would probably mean the end of the German movement. The last great test was the Gulf War. The movement unfortunately concentrated only its prejudices and kept quiet about Saddam Hussein's war against the Shiites and Kurds. His outrageous silence on the Croats and the who live in the Balkans who they desperately appeal for rationality. The conflict is complicated, the search for a solution is difficult, so keeping quiet is better.

Curious events of the rather distant past are coming to light in the current

turmoil. Under the heading "Fifty Years On," a letter by a Mr E. Pavlov of Kiev appeared this week in *El País*. The story that emerged was as follows: On September 8, 1941 the Germans completed their encirclement of Leningrad. In the terrible winter that followed, certain groups were evacuated, when possible. Among them were some Spanish orphans who had been sent to the Soviet Union when the civil war raged at home in 1936. They shared orphanage number 37 with Russians whose condition steadily deteriorated.

When the time came to be evacuated, the Spanish children cried: "We shall abandon no-one! We shall lift the sick children into the trucks." They thus saved 12 children, two of whom died during the evacuation and privations that followed.

The Russian children survived over their lives to the Spanish. "I wrote Pavlov. He is the president of the 'Club of the Excluded' as Leningrad evacuees are known in Kiev. He records the shared experiences of the Spanish and Russian children and recalls many of the Spanish names. They, it seems, returned home many years later. The Club wants to hear from the Spaniards who are asked to communicate with them at the 'Arsenal Palace of Culture' in Kiev.

James Morgan is Economics Correspondent of the BBC World Service.

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## TRAVEL

# Splendid isolation of Tasmania's wilderness

Michael Woods comes to terms with eucalyptus forest, bush toilets, black swans and parrots, and feels very vulnerable

IT HAD rained in the night and an occasional drop of water still plummeted heavily on to the friable but bare woodland floor as I left my tent to go to the bush shower. But the view from the beach caused me to abandon all thoughts of ablutions and to skip back for my camera.

Immediately in front of the camp Forest Lagoon reflected, in mirror-like perfection, the rugged range of Mount Rugged. I could almost touch the summit of the image from the glittering white quartz beach on which I was standing. The newly-dawned sun lit every detail of the lone mountain and the only breaks in its mirror image came from the three black swans cruising across the bay. What a contrast to my cold, cloud-heavy arrival on the previous afternoon.

The camp, run by Bob Geesee Wilderness Tours, lies deep in Tasmania's South National Park, a wilderness area more than 1m acres in extent and without a single road. I had flown here straight from Britain - a comfortable 22-hour Qantas flight to Melbourne was followed by a flight to Hobart and on, by light aircraft, to the dirt strip at Mealeuca. Bob Geesee met us there in his aluminium boat and we followed the tortuous channel to his camp totally concealed in the woods on the edge of Forest Lagoon.

The tents, pitched among the trees, have airbeds and down sleeping bags and the site boasts a good bush toilet as well as a shower. Tasmania's weather is unpredictable and frequently wet and so the rather grubby kitchen and dining areas and their roofs are protected by waterproof fly sheets, their ceilings lined with tin deposits, while the lingering woodsmoke quickly impregnates the small.

Tasmania is said to be more changeable in more ways than just its changeable weather. The peaks and valleys, the moorland and very reminiscent of the Highlands although the occasional ground parrot, a green bird about the size of a thrush with a long tail, which sprang from my feet to fly a short distance before alighting again, told a different story.

In more open areas the peat was pocked with the mouse-sized holes of yabbies, small crayfish which spend the day underground, emerging at night to search for food. It was here that we found the paired red fronds of forked sword and thistles aprons, the delicate purple flowers of the bladderwort.

Generally, though, the bush was reinforced by dense woody plants, Tasmania's equivalent of heather but with thick deep and extremely tiring to walk through. Unlike the well-trodden uplands of Scotland, there are rarely paths here for this wild country.

It was a point brought home to us on the day the outboard failed to start. The serious problem of a cross-threaded plug was difficult to fix in the bush and Bob had to make a two-hour walk back to the airstrip to seek help. If he did not return within six hours then we, too, were to walk out. Our isolation and vulnerability suddenly became very real.

It came as a surprise, then, on the following day to find we had no experienced leader for our walk up the 3,000 ft peak of Mount Rugged. Instead, with instructions to follow the path marked by cairns and tapes tied to bushes, Bob Geesee deposited us by boat at the bottom with a promise to retrieve me at 4 pm.

My companion, a retired GP from Sydney, and I set off at a steady pace, climbing through a eucalyptus forest, now and then disturbing a parrot and watching, for a few magic moments, a pure white bird of prey, a goshawk, as it rode the thermals. It swung our way and, as it swept past I could see the goshawk's yellow bill



Tasmania is said to be more changeable in more ways than just its changeable weather

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and the glint of its eye. It seemed almost ethereal, like the spirit of a past explorer doomed to wander effortlessly over the terrain.

From the mouth of the mountain the increasingly faint path led ever steeply upwards until suddenly the slope eased and we emerged from the dense vegetation on to the summit.

From here the view, on this sunny day,

was simply magnificent - ranges of mountains like the teeth of a giant's grin, the distance while the Southern Ocean beat incessantly against cliffs in the opposite direction. Below us the only mark of man's hand, rather his feet, was a faint white line of one of the long tracks in the national park. Walkers, dropped in the end, were several days later from the other by boat or

simply magnificent - ranges of mountains like the teeth of a giant's grin, the distance while the Southern Ocean beat incessantly against cliffs in the opposite direction. Below us the only mark of man's hand, rather his feet, was a faint white line of one of the long tracks in the national park. Walkers, dropped in the end, were several days later from the other by boat or

plane. In between they have to be entirely self-reliant and, in spite of a variety of modern technical wheezes to reduce weight, their packs always seemed enormous to me.

But my own troubles were about to begin. Although we located the tape at the end of the path down, the second one eluded us. It was like being lost in an enormous maze of high privet hedge. It was dense, growing on a slope so steep that it was impossible to climb without using your hands. It was among it are boulders as big as trucks, each liberally studded with razor sharp quartz crystals. Underneath some crevices and enormous hollows. Up and down we struggled, finally emerging over an hour later, cut, scratched and with torn clothes, on to our path. It was only time I have taken longer to come down a mountain than

to take it. But the wilderness was kinder, more beautiful. On the morning of my departure, we left the early morning for the airstrip. The smooth black and the hurrying boat shattered the reflected sky into shards and left the mountains shaking and shimmering in its wake.

To take hours from Heathrow to Wilderness Tour's base camp may be fast but it is a small price to pay for the unique mammals and birds of close quarters. The city and its surroundings are rich with the remains of convict settlements of the 19th century and villages such as Richmond have been preserved almost intact.

At Brighton, just round the corner from Bridgewater, the Bonorong Wildlife Park is a haven for some of Australia's unique mammals and birds of close quarters. In the summer, some of the short-eared shearwaters, which nest on the tops at Clifton Beach Coastal Reserve, are watched as they return to their nests. They flap in at a crowd of hawking while human seals surf waves below until it is time to go.

Information: Michael Woods flew to Wilderness Tour's Camp with Par Avion, his passengers thoughtfully provided with a map of the terrain which they are flying. Wilderness Tours are based at Arve Road, Geveston, Tasmania 7116. Tel: 011 171.

Prospect House, Richmond, Tasmania 7025. Tel: 011 171. Wellington Lodge, 1 Scott St, Hobart, Tel: 008-510-614. Both provide accommodation.

Bonorong Wildlife Park is in Briggs Road, Brighton. On Wednesday evenings the nesting season (spring and early to mid-summer) Irene Skira, the Parks, Wildlife and Heritage Officer for the area, leads guided tours of the shearwaters. Tel: 008-511 for further info.

## 'A cockroach ate my chips'

HAD WE known the temperature would reach 49°C (121°F), we might have given Mount Magnet a miss. On the other hand, there is something satisfyingly appropriate - even if masochistic - about tasting extremes in the Murchison Goldfield of Western Australia.

I was inspired by a George Haynes painting of a vermillion road entitled "Drawn to Magnet". So we packed everything, including a pay-shock Dobsonman, into my '72 Holden Kingswood, built having neither air-conditioning nor shock absorbers, greatly enhanced the discomfort.

Heading north from Perth you soon leave behind things like traffic lights, yuppies, beer in glass bottles, McDonald's, and enlightened attitudes towards women.

It is not that Murchison towns lack modern trappings: Magnet has a shop, store, although admittedly no pharmacy, so you can get band-aids but no medicine. Nevertheless, the Murchison belongs to an indefinable bush world, hard living, unabashed chauvinism, and take-us-as-you-find-us ambivalence. Here nobody grovels to tourists, but drivers wave because you are a friend and a lonely road.

Great Northern Highway remains its name in Murchison only. Above Wubin, the last wheat community, it narrows, so cars must pass half of the road. From now on every pub is a must, being the only place to get a drink. Big butterflies sailed the verandahs. The cool dark bar had one toothless customer. He related his sexual history to my companion as if I had known him forever, while I studied a handwritten list on the wall, of 24 reasons "Why Beer is Better Than Women", 23 of which were lewd. Number 19 was: "Beer don't demand equality."

Outside, in a north-easterly like the blast of a giant hairdryer, the man with teeth said Wubin's official thermometer keeps the thermometer in her lounge. I wondered about rub-gauge.

Dust-devils spun across the marginal wheatbelt vacuuming topsoil. The rabbit-proof fence came and went. Trees became shrunken and grey, except for the garish green semi-desert kurrajongs with spherical leaves. If topologists prune them.

THE travel trade seems hounded by its worst year. After the Gulf War, collapse of the Leisure Group, and a 10 per cent fall in bookings this summer leading tour operators might have been expected to take a low profile for next year, writes David Churchill.

Far from it with most of the major brochure launches for next summer completed the number in the past week or so has been at record levels. This optimism has been borne out by early bookings. The top two travel agencies, Lunn Poly and Thomas Cook, both report early bookings for next summer up by at least

At Paynes Find I bought a postcard showing petrol pump and a sign of red gravel, captioned: "A Vivid Memory of Paynes Find." I don't think it is ironic. You find it subtle, not manufactured prettiness here, and that is too in credit. The truly vivid memories are how the people, like the beer.

What Tom Payne found at the turn of the century was gold. What you find today is an isolated roadhouse containing the typical roadhouse visitors' list - a myriad of snapshots of trucks. Rumour has it owner-drivers value their prime-movers far above possessions such as wives.

In jars on a shelf were dead death masks and skeletons of the size of human bars. The barmaid and bigger man inhabited the fridge. A truckie said a cockroach once carried off one of his chips. Barmaids and truckies are utterly convincing.

Julia Berney leaves behind traffic lights, yuppies and enlightened attitudes to women as she travels around Australia's outback towns

Wubin brings zero temperatures and is followed by August's floral eruption. Now the Murchison was in drought. The kangaroos were dying. In an often desolate landscape the only punctuations were burnt-out Holden and Valiants wrecked in the mulga scrub. My car shut its eyes.

The horizon hiccupped into Magnet, surrounded by crumpled pyramids of mine tailings that go viridian, purple, pink, according to the time of day. We had a drink - which would not run cold - at the site which was a miners' shanty-town, with workers in a circle like a wagon-train. Workers and but stayed long enough to spinach.

Magnet's night-life beckoned. The iron-roofed hotel was holding a disco. Four coloured globes flashed in empty room. The next pub's air-conditioning was a blink. The third pub looked much seedier and more interesting.

uncommon and curious dunna-dunna. It is a bit like a railway station lit by an emerald light. The list of things included "Beautiful Brenda" on Wednesdays. The pub was packed. There were no women except the Skimpies - in crop-tops and knickers. The windows were mended with sticky-tape; the ceiling was made of pressed biscuit tins. The air was blue and vibrant and, as a bonus, the police were attending a brawl.

With the minimum temperature 35°C sleep was hard. We camped in a white dust-bowl between orange rock outcrops. There were healthy kangaroos - big reds, and their greyer mates - blue flies. But everywhere was the smell of a dead camel's skeleton, and a baby miffed on boxing at the sky. It is the déja vu of the desert.

North of Mount Magnet the highway crosses a dry salt lake where the

honours the Murchison pioneers: "With water-bag and pick they conquered an inhospitable desert and carved out happy and prosperous towns." Sad irony it seemed, in the silent bandstand, with sunset glow on the shut-down town.

Meekatharra, however, has the Wild West atmosphere that pervades many surviving gold towns. You expect shot holes in the wooden-railed balconies. In today's outlaws, according to one miner we met, are men running away from spousal maintenance obligations. Although he too had a north from a vengeful wife, he was pleased 100 per cent of the time in Meekatharra had increased slightly. He also praised the bikes, traditional baddies, who at Christmas had an "orphans' party" for anybody who had nobody - which meant nearly everybody.

I shared my roadhouse shower with several frogs. You have to admire the resourcefulness and endurance of Murchison residents, and human. After just three days we were reduced to upping Staminade to replace lost mineral energy. The streets burnt the city-soft Dobsonman while Meekatharra mongrels swagged by the canine gunfighters.

However much you drink your thirst remains rabid in this stupendous heat. Flies by the dozen drank from our eyes where they seemed to get intoxicated, for we could not turn away like curants.

At Mount Magnet it was the 14th consecutive day near 45°C. We spotted what looked like a raincloud in the west, decided to head for it, and straight into the clasp of Cyclone Daphne. It was driving into a tarmac car-wash. The blond hills of Geraldton were glad "Sun City" had been dry for five months. Later I the Weather Bureau to how far the dying Daphne spread her charity. Mount Magnet never got a drop.

Information: Meekatharra is 140 km north-east of Perth. Most towns on Great Northern Highway have accommodation or basic camp-steps. It is unwise to explore desert tracks, in a 4WD vehicle, unless fully-equipped and possessing good knowledge of the country.

Only the mine remains intact. A few low rubble, cyanide warning signs, and rubble jewelled with bottles. Day Dawn touched me deeply: such a beautiful hopeful, an ugly heartbreak landscape.

Cue, the sister of Day Dawn, was called Queen of the Murchison. Cue survives, had her handsome public buildings contrast sharply with the empty shops. An ornate bandstand rotunda built at the start of the century

offering travel insurance for children. Initial sales so far suggest that Greece is doing better than expected. But it remains early days in the package holiday market: the capacity we offer for next summer will exceed the anticipated 7 per cent market growth. If so, the early bookings will not be as low as getting good and necessarily cheap - deals for next summer.

GSTAAD, one of Europe's most glittering skiing shrines, has been dropped from the

latest edition of the *Good Skiing Guide* published by the Consumers' Association, writes Arnold Wilson.

Editor Chris Gill, who much of the book on feedback from readers, says fewer British skiers go there and there was "no point in wasting seven pages of the book on Gstaad year after year."

The fashionable resort, not particularly well-known for the quality of its skiing, appears to be experiencing similar problems to its counterpart, Aspen, Colorado, which is trying to lure skiers that a holiday there

was said to be the price.

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## PROPERTY

## A subtle change of tack

Although interest in pricier flats has largely evaporated, one development has been able to adapt its designs to an increasingly price-sensitive market, reports John Brennan



Carlton Gate in west London: scaled down to meet a changed market

NOT A single British bank could be found to join the line-up of funders for Carlton Gate, London, W8, three years ago when Declan Kelly set out to create the largest single residential development in west London since the 1930s.

As it turned out, their caution was well founded. The protracted negotiations between banking syndicate members when Declan Kelly's company later went into liquidation.

After Declan Kelly's collapse, the syndicate leader Security Pacific Europe Finance and its funding partner Star did manage to hold together the £50m project finance facility raised for site purchase and initial building costs for proposed redevelopment of the former St Mary's Hospital site near the Regent's Canal on the edge of Maida Vale.

However, the 282-apartment first phase that is now completed is subtly different from the one envisaged in 1988.

As construction work progressed, the plans were scaled down to meet a changed market. The first sales campaign in the Far East emphasised the lavish nature of the 2,000 sq ft penthouses, the landscaped residents' leisure centre and the planned artificial lakes turning the 10-acre site into an exclusive waterside campus. Launch prices averaged £250 a sq foot, and the initial sales programme produced encouraging numbers of advanced purchases off-plan. Three years on, and Stephen Gal-

pin, the sales director of Carlton Development Company, talks of the scheme in terms of "value for money".

Seventy-five of the 282 flats have been sold and are now occupied. Purchasers have exchanged contracts on a further 50 units and 19 more are reserved.

Roughly half the sales and reservations data is in the pre-sale era. Now, as Stephen Galpin explains, "construction styles have been adapted to the market. Initially, the sales were all of much bigger apartments with prices in the £250,000, £300,000 range."

As the market turned and buyers disappeared from sales agencies' lists, interest in these mid-to-upper-priced flats largely evaporated. In London Docklands, developers with large area flats found that they could sell the occasional smaller studio properties, but that an invisible price barrier formed at £200,000 or so.

Carlton Gate was able to adapt to this increasingly price-sensitive, rather than space-conscious, demand because the scheme was not completed. Given the financial background to the development, the sales team was also able to take a more realistic approach to prices.

Asking prices in the completed units have been held firm for no other reason than to give notional value to financial banks that the value of the loan security was not reduced. That helps to explain the number of projects where developers have become reluctant landlords, furnishing and temporarily rent-

ing apartments rather than accepting the writedown in capital value that would occur if they did not ask prices to current market levels.

At Carlton Gate, the concentration on smaller apartments and an across-the-board reduction in prices bringing average down to £210 a foot, is backed by buyers incentives that include a zero per cent mortgage loan facility for up to 90 per cent of an apartment's value for a year.

Most of the recent purchasers have been taking advantage of that offer, according to Galpin, but he confirms that cash buyers, or those arranging their own finance, can haggle over asking prices now ranging up from £28,500.

"We are willing to consider discounts, but we are taking a fairly hard line. We believe that the days of the big discounts are over. Sensible pricing is the name of the game now, and we believe that we have made prices competitive."

Current buyers are being offered free membership of the nearby tennis club as compensation for the temporary lack of the promised leisure centre. But Carlton Gate does intend to get that centre, complete with residents' pool, up and running shortly. As for the equivalent-sized second phase of the development, Galpin says: "I would not want to see construction on that underway until we have completed sales here."

Later this month Carlton Gate intends to adopt a sales strategy that is uncommon in Britain in that it will invite well established estate agents to act on its behalf for a pre-agreed three

per cent commission.

At the outset, Declan Kelly appointed Brian Lack & Partners and Hamptons as joint sales agents. Under the new regime Clintons are acting as overall marketing advisers to the development company. Brian Lack remains one of the contracted agencies, along with Harrods Estates, Foxtons Residential and Chestertons Residential. As an "open to all" arrangement, an unlimited number of agencies may soon add Carlton Gate to their instructions list.

"It is a departure for this country," says Galpin, "but my feeling is that on a development of this size it is logical to assume that no one agent can satisfy the demand for applicants, so why preclude any properly constituted agency that can help us?"

The 125-year leases offered with the apartments seem to have satisfied the current crop of buyers. But with management fees yet to be established and the Commonhold regulations on the immediate horizon, one evident benefit of buying now may well be an early right to buy in an effective freehold. However, it seems that the average London flat buyer has yet to show an avid interest in the Lord Chancellor's deliberations on property tenure. "It takes a long time for public perceptions of the new law to filter through," says Galpin. "No-one has raised the point yet. But we have been seeing a good change in the market as it is in the past six weeks with a lot more people willing to come and view and to talk."

## How to find life in the market

John Brennan on a more accurate guide to home transfers

THE MISSING link in most discussions about the residential property market has been a common standard of measurement to show the trends in the volume of homes sales.

It is sales turnover, not prices, that really shows whether the market is alive or dead.

Now, thanks to a piece of statistical detective work in the Stamp Offices and District Land Registries, a substantially more accurate guide to the number of home transfers has been made available.

Until now the only generally

available figures for housing transactions have been based on reports of the number of new mortgages granted. Those figures exclude cash buyers and include remortgages. By adding the number of "particulars delivered" to Stamp Offices and Land Registry offices and stripping out commercial property deals, it is possible for government statisticians to produce figures for housing transfers nationally and regionally that are, normally, no more than a month out of date.

The main benefit of any such series of figures is to

identify trends. In this instance, the sales volume figures chart the rise and fall of the residential market with an accuracy that no average price indicators can match. Even in the least confident periods for home buying there are a million or more non-discretionary moves. People die, people divorce, families outgrow their homes, they move jobs, they decide that they can no longer stand their neighbours.

It is on the broad margins of the market, among the home owners and would-be home owners who may or may not decide to buy a house or

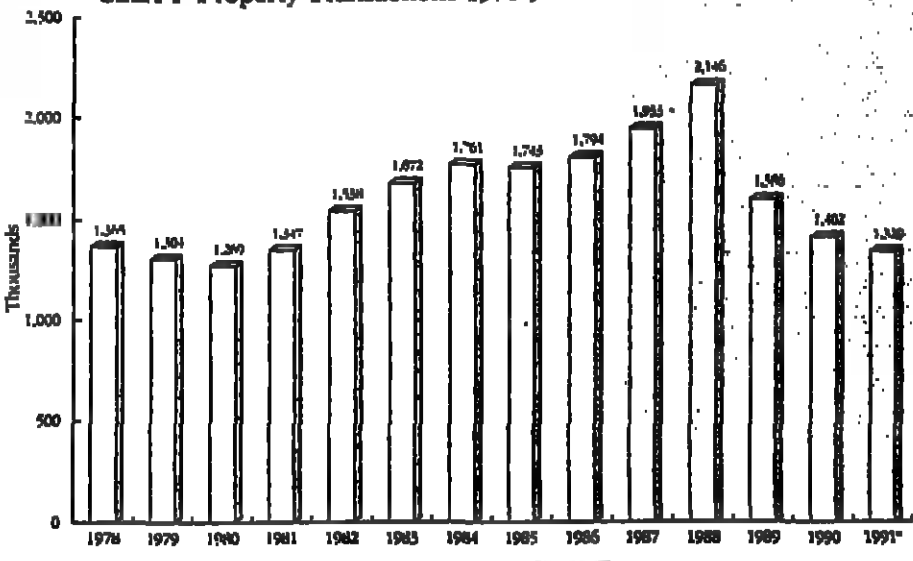
flat, that the pressure of demand has the most direct impact on values.

Throughout the 1980s sales volumes on the margin responded, as one might expect, with mortgage rate changes. Sales slowed in 1980, and especially in the third quarter of the year, as loan rates rose to 15 per cent. The subsequent house price upturn is marked in the steady rise in sales activity, with a dip in 1985 when rates increased temporarily.

The race to buy ahead of the withdrawal of double mortgage tax relief in the autumn of 1988 was followed

by an immediate dip in sales, from 583,000 to 544,000 in the third and fourth quarters of the year. The gradient of the charts is steadily downward since then. However, first and second quarter sales transactions this year, running at 585,000 and 522,000 respectively, none is different from the totals recorded in the last two quarters of 1990. As the Council of Mortgage Lenders says: "The trough in the number of transactions now appears to have been reached with the property market 'bumping along the bottom' for the last four quarters."

Chart 1 Property Transactions 1978-91



1991 figure is from the first quarter at an annual rate.

## LONDON PROPERTY

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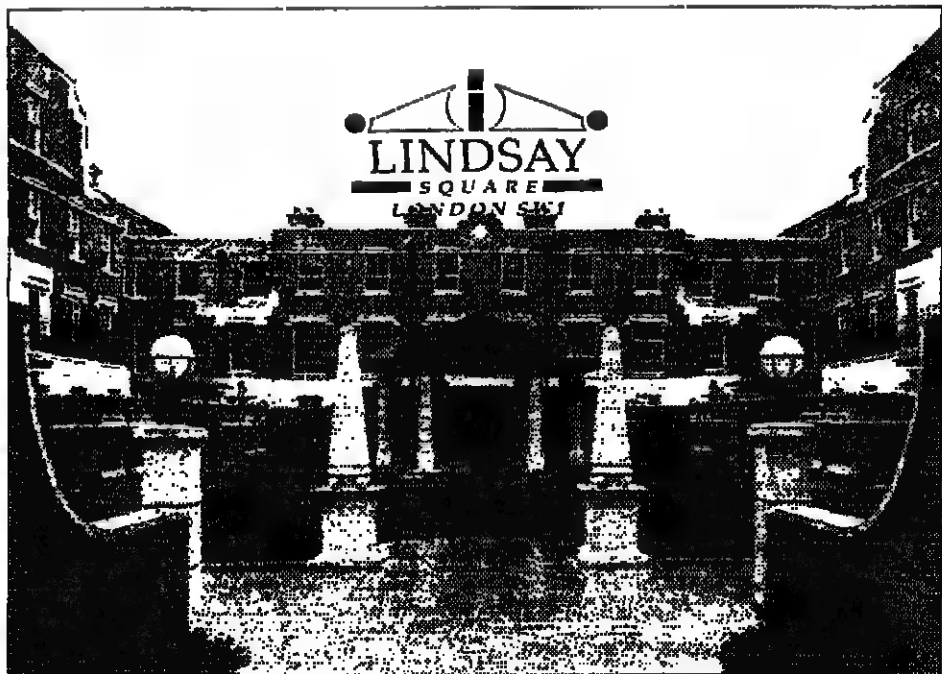
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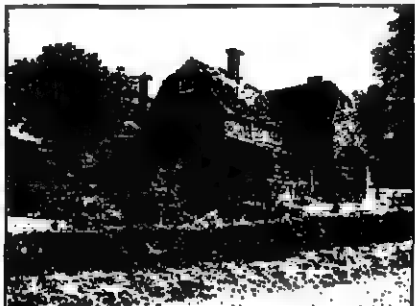


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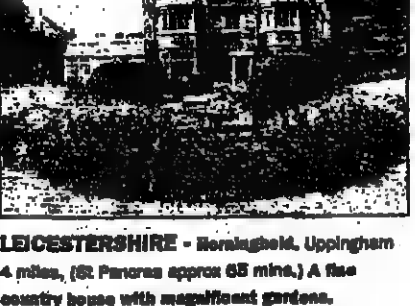


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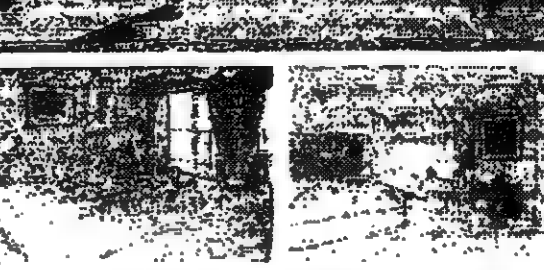
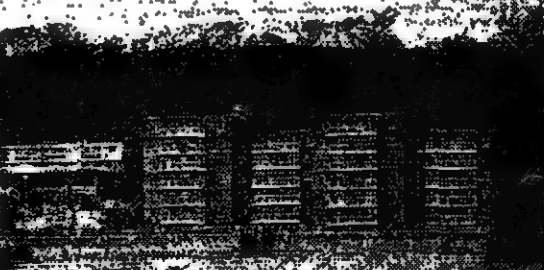
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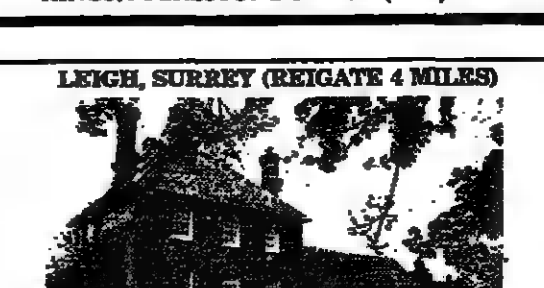
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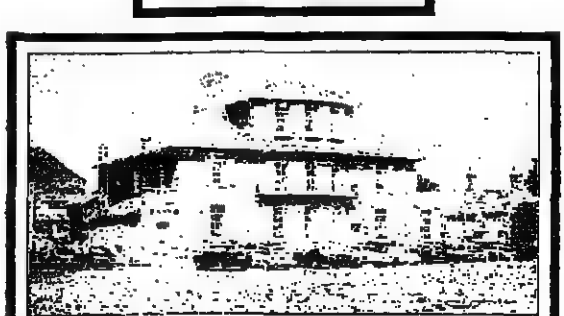
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## GARDENING

# The green king of Powis Castle

Robin Lane Fox meets the man who transformed a famous Welsh garden

Eighty years ago to the month, Violet Lady Powis looked out of the windows of her Welsh castle and complained to her journal that the garden looked a mess. Everywhere, she saw the "failure which results from leaving the garden entirely to the gardeners."

Those of us who have tried to run a garden with a gardener who is active while we are absent will recognise her ladyship's complaint. However, the remark has rebounded. Since 1972, the gardens of Powis Castle have risen to near the top of the list of Britain's best. The cause is not some elegant lady-owner with chignon wrapped round her summer straw-hat. It is the result of returning the garden to its gardeners - after a change in personnel.

In the garden shop at Powis, I met the genius of the place, James Hancock, head gardener for the past 20 years to the property's owner, the National Trust. Hancock probably knows his reputation, but he cannot have known how I knew it, too. Before going west, I had held a straw poll of garden managers. The straw was well rotted and the poll was conducted in extreme confidentiality by phone. All those questioned gave the same answer: the National Trust's outstanding head gardener is Jimmy Hancock, up on the Welsh borders. He has brought the place to life: he even dares to leave his dahlias in the ground all winter.

In the garden shop, some enviable fuchsias keep company with rare forms of salvia and make a plantfinder's fingers itch. Half an hour with Hancock made matters seem clearer - and not quite so simple. There is no disputing the quality of the gardens at Powis. They fall down the castle's embankment in a series of steep terraces whose origins are historic but whose planting is thoroughly modern. The colours have been planned with a touch of genius; the range of plants would stretch any specialist's knowledge; the planting and placing of the gar-

*'I held a straw poll of garden managers and all gave the same answer: Jimmy Hancock of Powis is the National Trust's outstanding head gardener'*

den's pottery is an inspiration. It is a bracing site to visit.

Until the Trust installs a garden skiff, you have to remember that what goes down must eventually come up. Terrace succeeds terrace, leading you down from the temperate border, past the orangery and yet more borders to the old walk of apple trees, a border of vivid phloxes and a garden on the flat which is perhaps the least successful part. If you then look back, you see the hanging gardens of Wales: Babylonian in their wonders, but a steep ascent to the normal exit past the last of the fuchsias in their terra cotta urns.

The Hancock years at Powis have seen a fundamental change. When the National Trust took over in 1952, the gardens were one of many whose borders were designed by Graham Thomas, the Trust's adviser in that hectic era. They took on the usual Thomas contours, but missed a trick on the way. The micro-climate at Powis is peculiar, up against the Welsh mountains which retains the rain's warmth. The upper borders are dry and shel-



James Hancock, head gardener at Powis, the "hanging gardens of Wales"

his neck. Thanks to the NHS, Hancock worked out his own trials and errors.

All Powis, the inter-relationships remained, importantly, as a consultant; his foot had passed to John Sales, still the Trust's supreme, who helped Hancock to make a crucial decision. Together, they began to separate the borders according to their micro-climates. Temperate,

particular artistry. Lower down, you are in a world of agapanthus and herbaceous plants, where the borders of d'Azur foliage like a border-plant in an iron frame. No more plantings are made on the flat.

Here, it emerges, is one part of Hancock's philosophy: why repeat a good idea instead of aiming at another? The unsupervised master of hospital gardens soon took the spade into his own hands. His hallmark in my eye was his half-hardy, transient plantings, grouped in the urns and upper terraces of Powis with a flair which I have never seen before.

Perhaps you have seen Conifer-trees and the blue-flowered Fuchsia. Perhaps you grow the hardy Fuchsia. Perhaps you keep a garden. Perhaps you consider a historic garden like Sissinghurst, whose tradition had to be honoured. His half-hardy built up a garden with a modern public garden in his own style.

As for the dahlias, the climate is true. Most of the dahlias at Powis have sat in the ground for 15 years and survived the winters with a covering of snow, although the site is not unduly sheltered. Go and see

them this month, and wonder why we all lift our tubers religiously. Hancock and his team in sheds. Habit and brainwashing, Hancock replies with a twinkle how, though, the tubers are formed.

Within the Trust, he has the advantage that many hard plants circulate between gardens. He travels, looks carefully, and reads catalogues. He is a champion of green lawns and contrasting forms, just like any over-educated designer. He has a natural style and a sense of us are not so lucky.

Public service is often supposed to be deadly in instinctive habit, a habit of hanging tubers in sheds and of Britain in bloom. At Powis an individual has turned his prejudice to his hand for 20 years. The one cloud is retirement, not so far off as the compulsory age of 65. Born in Stoke-on-Trent, Hancock does not expect to be left to continue in the garden which he has brought to life.

I have an alternative suggestion. We should wrap him up, give him a senior citizen's rail ticket, and loan him in historic gardens throughout Europe. Where, if anywhere, is the person who could show his European how to make the most of their climate and bring their historic gardens to a proper style.

## Find time to bury your bulbs

IT IS bulb-planting time again - but there is no need to be in a rush to get everything in at once. Some start to grow much earlier than others: colchicums and autumn flowering crocuses and also the white madonna lily, lilyum candidum, are already starting to grow in shops and, for results, should have been planted at least a month ago. It is not always easy to get bulbs as early as that in garden centres but specialist bulb nurseries send them out at the right time.

Daffodils and narcissi (which are the same thing although daffodil is frequently used as a name for trumpet-flowered varieties and narcissi - which is the botanical name for all kinds of daffodil - are reserved in a popular sense for the short-cupped kinds) need priority since none has a long resting season.

Those that are left in the ground will be found to be making roots in August although there is no sign of growth above ground, nor will be for some months. In autumn tulips will for several months be doing nothing but keeping them out of the ground until October. Naturally-treated hyacinths remain dormant until then but hyacinth bulbs are specially heat-treated for winter flowering and should be back in the soil quickly.

Depth of planting in my view makes little difference except in the case of some lilies which make roots both above and below their bulbs. These need to have three or four inches of soil above the bulb so that there is ample depth for the upper layer of roots. With all other bulbs it is sufficient to have an inch or so of soil over the bulb which have a habit of adjusting according to their liking. The idea that each kind of bulb has a fixed level in the soil is untrue.

There is also a great deal of misunderstanding about the replanting of bulbs. Most hardy kinds can be left undisturbed for years and it is more for the gardener's convenience than for the good of the plants that some kinds tend to be lifted and replanted annually. This is particularly true of tulips and hyacinths which are much used for temporary display in beds and also in window boxes and containers.

Daffodils grown primarily for cut flowers and exhibition may also be transplanted - but usually only every three or four years to prevent overcrowding and maintain the quality of the flowers. But I have

daffodils naturalised in grass that have been in the same place for 20 years and it would be a big task to transplant them. They still flower freely and are a wonderful sight in spring. They do not spread as they used to and I have no doubt that transplanting would now be desirable if I had the energy to undertake it.

Under broad heading "bulbs" one tends to include all plants with fleshy storage organs which may technically be corms or tubers. Among these are hardy cyclamen which are often offered for sale as dry tubers although it is not a good way in which to buy them. Better by far to buy plants in containers. Then they can be planted with minimal root disturbance at any time of the year.

The popular and easily grown of these plants is cyclamen hederifolium, with marbled, green and white leaves and small, pink or white flowers in late summer and autumn. To dry out cyclamen and sell them in autumn is to do them maximum injury. If such dry tubers of any kind are purchased the best way to restart them is to press the tubers into a bed of moist peat and keep them damp until they begin to form new leaves and roots when they can be replanted where they are to grow.

Snowdrops are proper bulbs and can be transplanted while dormant in the autumn. However, they often suffer heavy losses which do not occur if they are moved rapidly while in growth and immediately after flowering in the spring. This method is practicable only when moving them from one part of the garden to another or when purchasing from a nursery which is geared up to despatch live snowdrop plants in spring.

There are a great many bulbs worth planting. One is the Star of Bethlehem, Ornithogalum umbellatum, with loose clusters of starry white flowers in spring. It is decorative and excellent for cutting. Another is the Spring Star Flower, Iphion uniflora, with small, bright blue flowers, or white in variety album. There is also an extra deep-coloured variety named Wisley Blue. Few plants have suffered so many confusing synonyms including mulla and brodiaea and now, I see, tristagma. For the time being most nurserymen seem to be staying with Iphion, for which I am glad.

Arthur Helmyer

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## BOOKS

## A fine style of life

Malcolm Rutherford assesses the career of Roy Jenkins

**A** BALLIOL don't know the young Roy Jenkins: "I am not sure much you know, but you write it in a fine style, which I could not do, and which will be of more value to you than anything I could." And for all Jenkins's subsequent achievements, that judgment remains pertinent. He writes in a fine style.

His autobiography has all the virtues: wit, anecdote, variety, character sketches, gossip and revelations. It tells us in his own words why he did not become prime minister. It is a son of R.A. Butler, a man in the end did not quite have the will to push quite hard enough for the top. Jenkins was a big developer who lost it of his

by and prevents it rising to its feet. Jenkins flew - when he did fly - by the seat of his pants. For all his relative political success, his spell as Chancellor was just as difficult as that of James Callaghan before him and Denis Healey some years after. It is striking, and honest, that when he comes to sum up his political life he does not regard his stewardship of the economy as one of his main achievements.

It was at the Home Office that he made his mark. Jenkins was a radical home secretary who, in the mid-1960s, introduced liberalism to the Labour Party. It was under his aegis that the laws relating to abortion and homosexuality were reformed. He notes, no subsequent government seriously sought to turn back the clock.

His disenchantment with Labour was partly personal - his relations with Harold Wilson were seldom good - and partly with Europe. Sometimes the two went together. When Wilson became lukewarm about British entry to the Community, Jenkins writes: "It was like watching someone being led down the river into slavery, drifting away, depressed but unrepentant."

Jenkins, we now learn, was one of the few people who knew well in advance that Wilson was not going to remain Labour leader indefinitely, yet he admits that he drew the wrong conclusion. Instead of remaining on hand to fight for the succession, he himself began to drift off.

It was the referendum on EEC membership in 1975 that drew him more closely into consensual politics. He campaigned for a "yes" vote alongside such people as Edward Heath and David Steel. The book was to be a seminal relationship. Jenkins moved on to become President of the European Commission. He made a brilliantly timed speech that helped to lead to the formation of the European Monetary System. Much of the rest of the time in his book, however, was spent nurturing thoughts for political realignment at home.

A LIFE AT THE CENTRE  
by Roy Jenkins  
Macmillan £20, 658 pages

serious reading after Oxford and was called that he might become leader of the Labour Party only that the book had largely slipped by all his intellectualism, he is a curious caricature in his own words.

Another quotation comes from his close friend, the late Anthony Giddens: "You are pleased to regard as your rational processes seem to me to be just a series of intuitive lurches." Then there is Jenkins's own comment on his Oxford experience: he had "the best of both worlds: Balliol teaching and Trinity living". In many ways, that sums up his approach to life in general.

The main reason for this book is about his time at the Treasury. He is widely regarded, not least by Margaret Thatcher, as one of the best of the post-war Chancellors. His autobiography shows that it was one long slog. He worked harder than ever before since. Sterling was almost never out of danger. "Once a currency has been knocked into the gutter almost any subsequent revival is a vehicle which swishes

particular phase of American culture, in its urgent need of rediscovering what it calls the "wild man" within in order to redress an imbalance of its time. Since the Industrial Revolution, children rarely grew up with their parents and so the chance for young men to receive instruction from the elder men is lost. What they lose, in return, are the rituals that define the men from the boys.

Bly's book has had an extraordinary success in the US; it has sold in enormous numbers and American males have apparently been flocking to the book. All this is a good sign. But the book is not quite the very stereotypes it is exploring. For a British author, the book and the phenomenon are all too easy to parody, and in fact they are. The book is a parody about our family life, pre-empting ironies, the elliptical qualification and reassuring obliqueness.

On the contrary, Bly metaphor is irrepressibly high and has just this lack of shadow, his metaphors look more literal than they are and, if they are literal as he is, then the wit is lost, and so is



"Le pas Espagnol", 1888, by Henri Toulouse-Lautrec. One of 443 illustrations, 39 of them in colour, contained in the book published by Laurence King, Impressionist Post-Modernist Drawing by Nicholas Wadley

Oddly enough, the chapters on the founding of the Labour Party and the alliance with the Liberals are less interesting than the rest of the book, perhaps because so much is already known. It may be also that by then some of the steel had gone out of Jenkins: it was never his strongest commodity in the first place.

Although he makes a strong case for David Owen - a "nuclear fetishist" and incapable of working with other people - there was always about the top of the SDP leadership the shadow of a clique. Perhaps they

should have joined the Liberals at the start. Jenkins's final remark on Owen is: "I cannot but think that the centre politics of the decade of the 1980s would have been better off without him."

The book has some odd gaps. He scarcely mentions Vietnam, though it did as much as Europe to strain the Labour Party in the 1960s. He does not explain why, as Chancellor, he did not support the attempt to reform the law relating to the trades unions, though he makes a mild retrospective apology to Wilson and Heath. Castle, France on Europe and Home

Office reform, he very rarely took a strong position on anything. He also admits to resentment. When he was in the Treasury with plaudits ringing in his ears, he expected to be offered jobs in the City. They did not come. Perhaps they were to do to ex-Labourers. He has never liked writing. His books are a pleasure to read, this one in particular. A new assessment of Jenkins is hinted at as his next work. The Chancellor of the University of Oxford has been, and remains, a civilising influence, which was what he set out to be.

THE WILDERNESS of Thubron's last two novels, *A Cruel Madness* and *Falling*, are tightly circumscribed - a mental hospital in the one, a travelling circus in the other. It is if these very claustrophobic, their very characters had been invited to be an opposite pole to Thubron's travel writing - a chance to inhabit and map out a territory in minutest detail rather than to describe a land, a society, that could not be entirely encompassed.

But in *Turning Back the Sun* Thubron, the traveller explorer of inner spaces, by creating a fictitious land, a plausible hybrid of Australia and southern Africa, he has regained total command of the topography, emotional as well as physical. It is a story in which the landscape and its inhabitants interpenetrate, in which the physical landscape of the surroundings condition and control all their behaviour and the limits of their freedom. Rayner is a doctor, condemned by an unspecified totalitarianism in work in a remote outpost of his country, an outpost on the edge of a drought-stricken wilder-

ness. The population of the town - white, cosmopolitan, exiled - lives out the colonial nightmare, threatened by the "savages" who wander the surrounding desert. In their isolation the inhabitants desperately try to re-create the social life of the capital, making law-dry imitations of its sophisticated and sophisticated life, while blaming the aboriginals for the night raids which are undermining their security and for spreading the disease that

marks them out like stigmata, disfiguring but not destroying. Surrounded by unthinking prejudice, it is a life that Rayner yearns to escape. He accepted his lot in the capital in which he grew up and where the friends of his youth still live. And when the chance comes, he tries to do just that, abandoning his affair with Zoë, a dancer in the local cabaret, and setting out to recapture the past. Predictably, perhaps, that proves impossible; mentally and physically (for he discovers on himself the first

small car and Bly was in a hurry - "You can overtake now" - as was everybody else who had to wait for an hour to get on to the M4. Far more dangerous than his warrior mode was the enchantment of his fairy tales and poems, recited with all the exhilaration of his public performances - the Scar Woman, the instance, who ate your scars at night, but if you didn't say then she ate your eyeballs so you would be blind in the next world. I soon became convinced that I would deliver us all into the mouth of the Scar Woman forthwith if I listened to one more story.

Just as well he wasn't drumming.

Jules Cashford

Fiction  
Lost girls revealed

MARGARET Atwood handles the short story in *Wilderness Tips* with the same assurance that in *The Handmaid's Tale* and *Cat's Paw* she handled the novel. Both the latter were short-listed for the Booker Prize, in 1985 and 1989 respectively. It is time one of Atwood's novels won this prize. And, as plain in this new collection, Atwood is equally a master of the short story.

To describe a woman as a master of anything is, I realise, an accolade obnoxious to feminists. It means, or used to mean, a man in authority or control. The point is of more than merely linguistic interest in respect of Atwood's work because the period covered by her stories in this book, the uneasy transitional decades of the 1960s, 1970s and 1980s, was the period when Canadian women broke free from having to fit into a terminology and a society in which mastery was for men and domesticity for women. The writer Atwood was just as much a woman during those years.

The stories give just as much insight into the world between then and now as do the novels, but they do it much more concisely. The lapses of time between past and present, girlhood and womanhood, are here abruptly revealed with little build-up. They are no less effective for that. The first story, one of the best and most complex, "True Romance" is a fine example. It is set in a boys' summer camp on an island 20 miles off-shore from Toronto. As well as the boys whose ages

range from 12 to 14 there are nine girls of similar private school background in the camp. They are being paid to be there as waitresses. The waitresses in their uniforms to sunbathe and swim in an area forbidden to the boys. One enterprising boy - a future Canadian millionaire, we learn - hires out a pair of binoculars. The boys hide in the bushes with the glasses to observe the topless girls. Such rituals of adolescent summer vacation voyeur sex are charted minutely.

The girls read aloud to each other from *True Romance*. They laugh at the crude tawdry tales. Some of them start to flirt with the boys, but

WILDERNESS TIPS  
by Margaret Atwood  
Bloomsbury £14.95, 247 pages

counsellors, rather like the girls in the magazine. One girl becomes pregnant and determines to have the baby. Eleven years on, some of the girls are now married to the counsellors. But the girl who had the baby has disappeared. It is a lot subtler than that brief summary, but it will do to show how we have here a version of a typical Atwood heroine. She is a lost girl, and she appears in various guises in every one of the subsequent stories. In "Hairball" - the nastiest - she is a woman magazine journalist stabbed in the back in spite of the brilliance of her page-design. In "Isis in Darkness" - the saddest - she is a witty female café poet in a home-made dress. She turns out after her

untimely death to have had real talent. In "The Bog Man" - the cleverest - she is the research assistant and mistress of an archaeologist, she spectacularly busts up with him on site. In "Uncles" - the most knowing - she is an orphan turned outrageous TV personality who is ultimately hoist with her own petard. In "Wilderness Tips" - the most sordid - she is a Cinderella, now married to the local Prince Charming. The fellow sleeps with both of her sisters. In "Death by Landscape" - the most memorable - she is an elderly widow whose best friend suddenly disappeared for years when they were girls. They had been in their canoe on an island. One moment Lucy was there; the next - like Mary Rose - she was gone. In spite of marriage and two sons, Lois has still not got over it.

The long hot Canadian summers breed as many traumas as they do mosquito-bites in these emotionally damaged Atwood heroines. The lives they lead are brilliantly depicted, but the stories as a whole contain such a high proportion of losers and no-hopers that we end by wondering whether the Atwood is not, after all, being feministic. The opportunities for women to succeed and to become present in their chosen spheres are surely, even in Toronto, much greater than these stories would suggest. It would, though, be a mistake to see them merely as contributions to the feminist argument. Each is a work of art.

Anthony Curtis

## Dilemma in a desert

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TURNING BACK THE SUN  
by Colin Thubron  
Bloomsbury £13.99, 204 pages

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## Sense for the ridiculous

MAD ARISTOCRAT, greying civil servant; North Oxford, school day, the statue quo both Ferdinand Mount and Michael Frayn have taken out their comfortable wares of English wit as their territory. For both, the distill of it precisely individual visions and people - Frayn's idealistic confused, Mount's ruthless/vulnerable - are kept with the wit and assurance of old hands. Two novels, then, where everyday wit is the irony, the surprise of fate, the intractability of character.

Of Love and Asthma opens on a school playing field with a good teacher in the parents' race ("Are you alright" said the headmaster, "Splendid, only we lost a father last year"), and rushes on to a simple but picaresque plot: the lifetime rivalry between two asthmatics, entrepreneur Joseph Dudgeon Follows and also-ran narrator Gus. Seduction, sedition, a rake's progress from aunt to ingenué cousin, from millionaire via bankrupt to (staged) kidnapping victim, it's a raucous mélange held comically together by the vengeful gloom of illness. A nursery rhyme cast - Pod Pease, Low Dudgeon, Frayn's professor's daughter - supports, asthma, cancer, infertility, heart disease, lurk like jokers in the pack, descending on hubris or, for some, turning to force, upper lip stiffening behind joy or sorrow.

Sense for the ridiculous never flags, and Frayn does his biting perception: pallid Gus envying Frayn's exuberance even in grief; young lovers unravelled into "falt quite at home with the futurity" of *Of Love and Asthma* sometimes sinks into a digression about ancestral

and stately eccentricities, but at its best it follows in a fine English tradition. While chapters long between the cruel detachment of *Life on Mars* and the longing of *Brideshead*, Mount's *Walden* is a more shrewdness, nobility, most of all as a subtle moralist.

Comedy creeps up *A Landing on the Sun* like a bandwagon, transforming what starts out as a thriller into a small mas-

OF LOVE AND ASTHMA  
by Ferdinand Mount  
Macmillan £13.99, 321 pages

A LANDING ON THE SUN  
by Michael Frayn  
Viking £14.99, 244 pages

THE SUMMER OF THE ROYAL VISIT  
by Isabel Colegate  
Hamilton £14.99, 219 pages

terpiece of the absurd. Several people connected with defence projects have mysteriously died. Was Stephen Summerchild, the civil servant who in 1911 fell to his death from an Admiralty window, one of them? And what work linked him to the Russian philosophy don Dr Serafin?

As Jessel, a young Cabinet Office member, retraces Summerchild's steps 15 years on, the child of state secrets gives way to "madness in the form of a minute" - not defence but a modest proposal on power cuts, washing machines and "the quality of life" - Frayn is inspired on 1970s catchwords - whose findings seem to have unhinged its entire working party. Stabbing here and there at government and university institutions, the plot twists through corridors of power into confused perceptions

"behind our austere surnames and our net curtains" - the absurd, the parallel between Isabel Colegate's novel *The Shooting Party* was an exquisite picture of the Edwardian upper classes; in *The Summer of the Royal Visit* the same close-up historical lens focuses on the Victorian bourgeoisie in Bath. Two events concentrate the minds of liberal worthies Herbert and Rosalind, Charlotte and Harry, curate Stephen Collingwood and city surveyor Edwin Hanbury: the impending royal visit and the architectural competition for a new hotel. But the winning design is a shock, sending ripples of suspicion - bribery? blackmail? exploitation? or worse? - across the respectable surface of the city.

The deflection of the winner's wife, a slum fire, sacrifice and a séance all link up to a spicily tale with plenty of Victorian paraphernalia - from pamphleteers to the deserving poor - yet no ability to move. For despite Ms Colegate's polished writing and period allusions, the novel reads like a cross between a George Eliot pastiche and a Merchant Ivory script: a string of carefully observed scenes formed into an intelligent but utterly inauthentic construct.

Jackie Wullschlager

## Metaphors at High Noon

IRON JOHN is one of the stories collected by the Grimm brothers in the early nineteenth century in which an "hairy and wild man" acts as a provocation and guide to a young boy, drawing him into adventures that bring him, after many vicissitudes, to a marriage with the Princess. At this point, the hairy man swings away and the boy enters and leaves himself as Iron John, the wild man held captive in the bottom of a lake, but now freed by the boy's achievement of his own dignity.

Bly structures his book as this story, following it closely as an image of long-lost but not quite forgotten rites of initiation, in which the events in the tale are symbolic of stages of growth.

There are, he says, three kinds of initiation: male, female and human. This one is that last, why the subtitle is "A Book about Men." I wondered, heretically, if this story could not also be read as a female initiation, where the boy is a woman who is young and has just learned to learn in risk and discover who with a trust - a hero myth, in fact, valid for all - but, no, Bly thinks, this boy is the young man who, in today's

particular phase of American culture, in its urgent need of rediscovering what it calls the "wild man" within in order to redress an imbalance of its time. Since the Industrial Revolution, children rarely grew up with their parents and so the chance for young men to receive instruction from the elder men is lost. What they lose, in return, are the rituals that define the men from the boys.

Bly's book has had an extraordinary success in the US; it has sold in enormous numbers and American males have apparently been flocking to the book. All this is a good sign. But the book is not quite the very stereotypes it is exploring. For a British author, the book and the phenomenon are all too easy to parody, and in fact they are. The book is a parody about our family life, pre-empting ironies, the elliptical qualification and reassuring obliqueness.

On the contrary, Bly metaphor is irrepressibly high and has just this lack of shadow, his metaphors look more literal than they are and, if they are literal as he is, then the wit is lost, and so is

the point. The problem is one intrinsic to addressing any fairy tale in a modern way: how to allow it simply to extend imaginative possibilities rather than to co-opt it as a manual for real life.

Once it is clear and Bly's unique blend of conversational intimacy and wide-ranging poetic imagination may win you over. What may find you more mostly stopped objecting to his

IRON JOHN  
by Robert Bly  
Element £12.95, 268 pages

categories - wild man, man, savage man, inner warrior, cook, gardener, the sacred king and queen - and have begun trying them out. It could be that one of Bly's intentions is to invite us to think symbolically, as might be expected from one who is a poet himself and also the translator of Rilke, Lorca, Neruda and others - many of them scattered throughout the book.

The point is that the book offers a model of how to work with a fairy tale, in the tradition of the mythologist Marie-Louise von Franz, and also Jung, the whole fairy tale is "the anatomy of the psyche."

So who, then, is the Wild Man who has been exiled from the contemporary psyche? "The Wild Man is the part of the wilderness in nature, but we could also say 'Wild Man is inside itself.' It belongs to the tradition of the Lord of the Animals, the hairy man (Enkidu in the Epic of Gilgamesh, Sean in the Bible), the Paleolithic Master of the Hunt who in agricultural myth reappears as Dionysos, the god of the vine. (He may also be found in the Green Man - that face wreathed in leaves carved in many a British church stall). In ourselves he is there when spontaneity is there - sudden impulses of the heart, resonance to nature, desire beyond law.

All of us, Bly says, are on a road from the Law to the Legends - from the rule-book of upbringing to that less definable place which Bly does not describe except to say that this road cannot be travelled without the Wild Man as guide. However, we note that the tale pursues the wild man's transformation into Iron John, so the final emphasis rests on the way to live this energy in the world, how to lift the spell and give it a name.

In the world, I once drove Robert Bly and a friend down to Bristol on a Friday night in early summer. It was a

then loosed off missiles as though they had nothing better to do, shooting at Tripoli one day and the Gulf the next. He described at length how Captain Dudgeon and his crew of the USS Vincennes came down an Iranian Airbus, killing all on board, because they mistook the professionalism to recognise a civil aircraft.

Muslim fundamentalists blame the West with its materialism and hedonism for everything that is wrong with the Middle East. In reality, a complex and painful adjustment to modernity is under way throughout Arab and Iranian society. Dickey shows no more interest than any of his ghostly Expats in this very real process. The Middle East did not match any of his preconceptions, and he simply blames those at hand for what he neither understands nor understands. Perhaps that Iranian was resenting superiority of this kind when he spoke of the

David Pryce-Jones

WONKING FOR *Newsweek*, Christopher Dickey knocked the Middle East in the mid-1980s. Of that experience, he wrote playfully, "I had put together this travel book of sorts. It is well written, in a take-it-or-leave-it style. And telling too, but for the material than for the unintentional insight it offers into the opinion-forming reporter looked at Westerners and Arabs. An Iranian diplomat in whom he once applied for a visa, said to him, 'Time and Newsweek: they are the eyes of the Beast.' You do not want to be a Muslim fundamentalist in agree."

Some others, Dickey had himself as a latterday T.E. Lawrence, in search of something much romanticised. In that mood, he interviewed Wilfred Thesiger, the last explorer, and was puzzled that the question petered out when his sex life. Another famous old-timer whom he visited was

Violet Dickinson in Kuwait. He found her only a human anachronism in her nineties, her mind wandering. But still, that was the world he wanted, in which *Arabic* was *Arabic* as in story-books, and Westerners as a proper *Arabic*.

When Neguib Mahfouz, the Egyptian writer, was awarded the Nobel Prize, Dickey wrote him up. Here at last was a body in the Middle East who would be liked and respected. Mahfouz had retained his integrity. Otherwise, for Dickey, the Middle East was a place of uninterrupted nightmare, where *Arabic* and *Western* alike were sinking into "a cumulative sense of desperation."

The corruption and venality were hateful. Nothing worked. Smells and garbage everywhere. Lawrence had been in Aleppo, but when Dickey last trod there in the hero's

## Arabian nightmare

EXPATS  
by Christopher Dickey  
Fourth Estate £14.99, 244 pages

footsteps he found bedbugs, and shot on the wall, which was altogether much for him and his wife. What price desert campaigning?

The "expats" of his title have names like Hank and Jim and Ray, and are usually oilmen or sailors. The old or the unskilled for a job at home, they express a low opinion of themselves, their work and the setting. Gerry Blackburn, captain of a ship, had a family in England and "the money of *Arabic* was too good to leave behind." It so happened that an Iranian Silkwoman hit his ship and killed him.

Kim, the one with a tattoo on her thighs, and she enjoys a birthday cake baked in the shape of her genitals. "It is

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CHRISTOPHER DICKEY'S *EXPATS* IS A TRAVEL BOOK OF SORTS. IT IS WELL WRITTEN, IN A TAKE-IT-OR-LEAVE-IT STYLE. AND TELLING TOO, BUT FOR THE MATERIAL THAN FOR THE UNINTENTIONAL INSIGHT IT OFFERS INTO THE OPINION-FORMING REPORTER LOOKED AT WESTERNERS AND ARABS. AN IRANIAN DIPLOMAT IN WHOM HE ONCE APPLIED FOR A VISA, SAID TO HIM, 'TIME AND NEWSWEEK: THEY ARE THE EYES OF THE BEAST.' YOU DO NOT WANT TO BE A MUSLIM FUNDAMENTALIST IN AGREE.







## JAPAN FESTIVAL

## Britain: briefly the land of the rising sun

The Japan Festival which opens in London next week is a remarkable exercise in cultural diplomacy. Patricia Morison outlines its scope

**N**EXT WEEK the great Japan Festival rises over London.

Like a sumo wrestler, the Festival is nothing if not a generous spread. It really is a nation-wide event. It includes Japan's World Cup rugby match against Zimbabwe, which is to be played in Belfast next month.

There will be calligraphy, Colerane, kites at Llantwit Major and mounted archery this weekend in Hyde Park. Oshima's erotic masterpiece *As No* will play uncensored in Cardiff. Three Japanese poets touring the country will perform all the way up to the Highlands and Islands, where a festival will put traditional Japanese instruments.

Over the next few months it will be rather hard to avoid the Festival, even if you live well away from areas of heavy Japanese investment. Devon and Cornwall, for example, are not well served with Japanese, although there is always the media coverage. Radio 3's Japan season is impressive, with talks, plays and documentaries which will touch some cultural topics which do not fit so easily into a festival framework. Literature, for example, and the place women occupy within Japanese society, *FT* will be giving their attention throughout.

The Japan Festival ranks as one of the most ambitious attempts ever to introduce (peaceably) that to our culture to the cultural traditions of another. The British and Japanese governments have contributed quite significantly to the Festival, but its budget of about £20m comes overwhelmingly from the hundreds of thousands of sponsors. But how is it to spend up the sum of cultural diplomacy? What, in the end, will result from the expenditure of time and effort which has gone into planning the Festival?

The ideals of the Festival are clear enough. It is meant to show Japan and the Japanese seem mysterious, it is away from the widely prevalent, and in the end, the inevitable British indifference to things Japanese.

It is the dedicated fac-

tory workers and salary-men lies an amazingly rich and energetic culture of which we have until now only caught occasional glimpses," writes Sir Peter Parker, chairman of the Festival Committee.

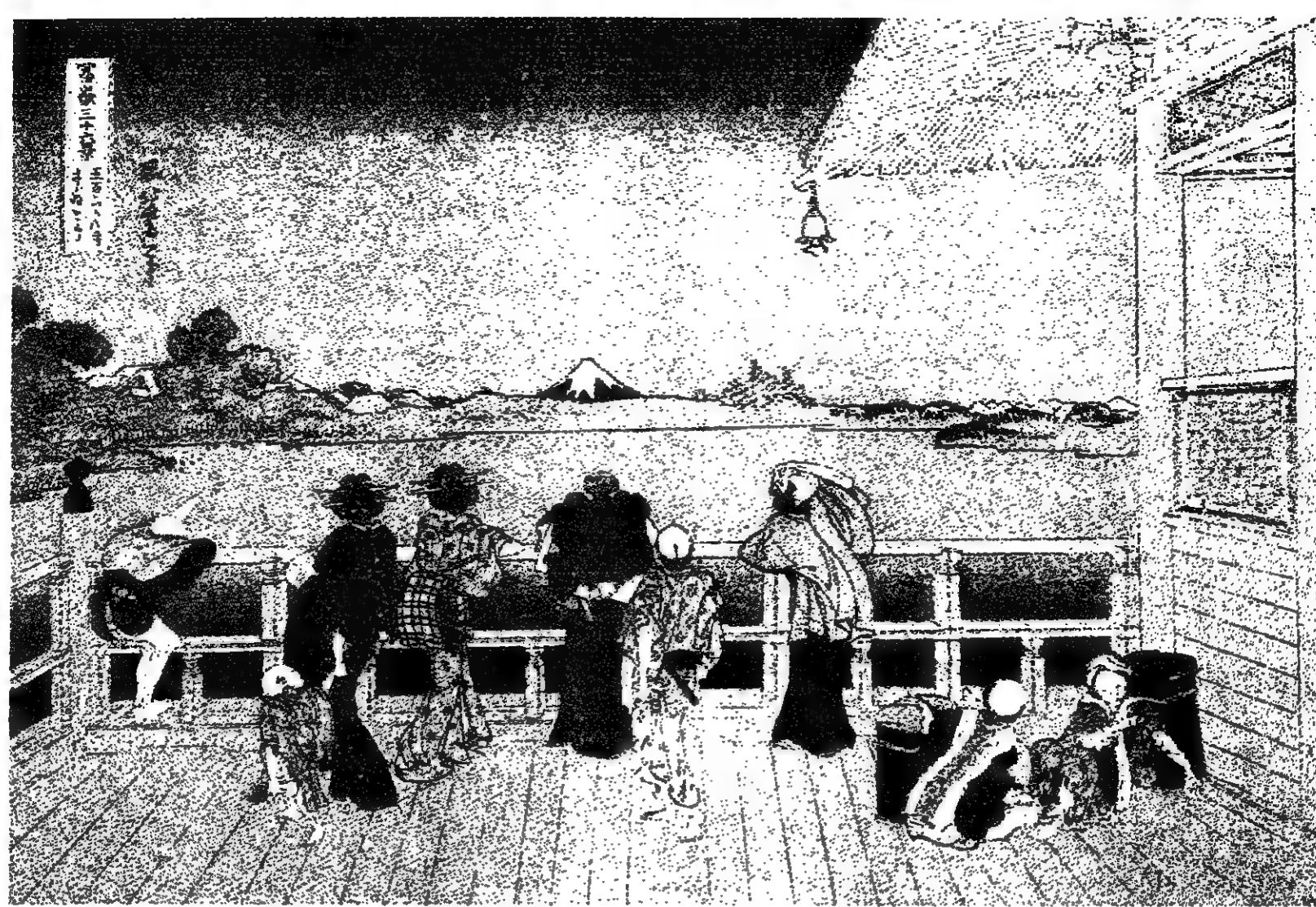
Japan's economic influence in the UK has not been matched by a corresponding increase in understanding of Japanese culture. The reasons are obvious, although perhaps more than the language barrier. The night spent in Tokyo is enough to show it has the potential to be to young people in the UK, London was in the UK - except, that is, for the cost of getting there. Quite simply, the Festival is meant to educate all of us, young and not-so-young, high-brow and low-brow.

Whatever part idealism has played in the calculations of the Festival's many sponsors, they have also been drawn to join in the jamboree by more immediate and tangible rewards - corporate hospitality, increased prestige, and the like. Cultural auditing will be left to the historians.

It may be that the Japan Festival will mark a significant moment in Anglo-Japanese understanding. The Barbican Art Gallery's exhibition, *Japan and Britain: An Aesthetic Dialogue 1850-1930*, will recall the Great Exhibition of the last century, when Japanese governments shipped and selected aspects of Japanese culture to delight the British public. Things Japanese were perceived as novel and colourfully exotic, and they had a strong influence - in part giving us the baneful legacy of the *Yoko Ono*.

And that kind of uncomplicated borrowing has continued; look at the influence of Japanese cherry-trees in the English garden. However, the great complicating factor has been Japan's cultural invasion by America. For over a century, Japanese intellectuals have been chewing over what "Japanese" culture means, in the face of influence from the West which grows ever stronger. (Japanese writers commonly deplore their children's refusal to eat traditional cooking.) Have the Festival organisers?

Not all the pundits think



A view of Japan: "Looking at Mount Fuji", a print by Hiroshige from the exhibition at the Royal Academy

they have, as I found on a recent visit - and it should be said, my first - visit to Japan. Some were saying the selection was the heavily weighted towards traditional arts, and that there is still too much playing to the Mikadoesque stereotypes. Some were saying the bias towards Tokyo.

In the performing arts, there is criticism of run-of-the-mill offerings and "names" which in the end circles are regarded as curling a little at the edges. Sponsors have been relatively reluctant to contribute to the contemporary visual arts pro-

gramme, which is said to be correspondingly unambitious, with no more than a dozen or so contemporary artists work being represented in the Tate Gallery in Liverpool (coming to the Whitechapel) and exhibitions in Durham, Belfast, and Newcastle. Architecture makes a poor showing.

But these little like quibbles when they are set beside ignorance of Japanese high culture in general. Names one famous Japanese artist, work of art, apart from the Great Wave. Those are the

kind of simple questions which, at one level, the Japan Festival should leave us well prepared to answer. As Festival director David Bates emphasises, it is keenly appreciated in Japan if anyone doing business there expresses curiosity and a willingness to sample the host culture.

For anyone already well up on contemporary Japan, the test will be how well the Festival conveys the complexities of this island culture which, since it opened up to the world in the 1950s, has found its way into the world.

All the incongruities of Japanese cultural life are immediately obvious. For example, we find it for granted that places such as the British Museum and the Victoria and Albert Museum, which will have superb, scholarly loan exhibitions. But Japan has not been able to do so.

Many a visitor in Tokyo has been amazed to find that the National Museum is a dull and horribly displayed exhibition of a place. The BM's exhibition of *Kamakura* will allow us to appreciate these masterpieces by Unkei, Tōkei,

and Tankei, with their crystal eyes and straining muscles, far more easily than the Japanese can at home.

The gods and goddesses of Japan's religions, past and present, are also evoked at the flagship exhibition, *Visions of Japan at the Victoria and Albert Museum*. This show, above all, is the one which has to work hardest. It is meant to convey the incommensurate, yet endlessly fruitful, friction as east meets west and tradition confronts modernity. Even the briefest contact with Japan brings home. For me, it

was the sight of young priests, waiting for evening prayers in the dark hall of a Kyoto temple. A thousand life-sized statues of the goddess Kannon looked on as they practised imaginary golf-swings.

VOJ, as it is known, also has to display the kind of high-tech, electronic bravura to knock the most blasé young visitor out of his or her socks. It has been overseen - not without controversy - by Arata Isozaki, one of the world's most interesting architects and a prominent figure in avant-garde circles. So the omens are good for Voj achieving the near-impossible.

Still, the question remains, what happens at the end of it all when the Kamakura and the gods have gone? There has to be an after-life, if the Festival's ideals are not to look something of a sham. The Japan Society, celebrating its centenary the Festival, in its dim and distant origins, is celebrating, in its essence, a learned society. It has a library, but only a few staff, and nothing further than the keen student might expect; no videos, no language courses, no cinema.

The Japanese government ought to take a good look at the work done by the German government's cultural export wing, the Goethe Institute, or the British Council. And then it needs to create something many times as splendid. For the moment, schoolchildren are going to be better served than their elders. The Festival has found a strong response from schools and, as Chris Everett, director general of the Daiwa Anglo-Japan Foundation points out, it is part of a continuing programme to create educational links between the two countries.

All festivals have a way of folding their tents and stealing away. But it would be a pity if the only thing of permanence to result from all this is two gardens, in Holland Park and Belfast. But maybe on the last day the announcement will be made that a palace, or some sort of splendid Isozaki-designed shrine to Japanese culture, will be ours. What better sign could there be that the Japanese are here to stay? Festival Guide price £2.50, on sale widely or ring 071-418-3310, 24 hours.

## Japan and Britain

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BARBICAN ART GALLERY

## From sumo to sculpture

**T**HE JAPAN Festival, by far the largest cultural event ever held in the UK, had modest origins. Martin Campbell-White, managing director of Harold Holt, had successfully organised a German arts festival in the UK. He wanted to repeat the experience if made a change from running a musical agency and did business no more.

He homed in on Japan, a natural choice given the growth of Japanese investment in the UK and the rich, varied, and to western eyes, strange cultural traditions of that country. He approached Sir Hugh Cortazzi, a former British Ambassador in Tokyo, who gave full support - and suggested a date. Why not use the centenary of the Japan Society in 1991 as the basis for the celebrations? The project was launched.

It would never have grown to its present size, with more than 200 events nationwide financed by £20m of mainly business sponsorship, £15m of it from Japan, without the energy and enthusiasm of Sir Peter Parker who was invited in 1987 to become chairman. He insisted on a national, rather than a London jamboree and got the project rolling. At the same time Shōichi Saba, a former head of Toshiba, and Kazuo Chiba, a former Japanese Ambassador in the UK, started to put weight behind the project in Japan. By the summer of 1989 a Festival costed at around £10m was taking shape based around half a dozen major projects.

Then the current Japanese ambassador in London, Hiroshi Kikunaga, got into the act. Now there is scarcely a Japanese person in the UK without some donation to the communal war chest. Many have wanted to sponsor their own event and the Festival has become a national and international affair beyond the expectations of the original protagonists. Everyone involved is keen to stress that while most of the funding is from Japan, the idea came from the UK, and that this is not an example of Japanese empire building. The Festival is cultural - in the widest sense of the word - and educational. Its aim is to change misconceptions about Japan in the UK, to help British people interpret the country more accurately, to discover what makes it tick. If there is any money remaining by the January conclusion, it

will probably be invested in educational projects aimed to improve mutual understanding between the two nations. From the start half a dozen key events were selected as essential and they have emerged as the flagships of the Festival. There is no one major event, but a series of events which are already famous in the UK. By far the most expensive show is *Visions of Japan* at the Victoria & Albert Museum. This has been designed by Arata Isozaki, perhaps Japan's best known architect and the designer of the Olympic Stadium at Barcelona. He has taken a favourite Japanese idea, that life is a game, and recruited three more architects to give their interpretations of this theme in Japan past, present and future in three huge rooms. The exhibition has cost around £4m to mount, much of the cost represented gifts in kind. The V&A has speeded the creation of an extensive exhibition space to find a home for this, its largest show in decades.

Other events planned from the start include sumo wrestling at the Albert Hall, robotics at the Science Museum, and the Kamakura sculptures of the 13th century at the British Museum. There are only two important disappointments - a large enough venue could not be found in time for Takarazuka, the all-women musical theatre company, and no sponsor came forward to pay for an exhibition of Manga, the Japanese comic strip which can be erotic in content.

There is something slightly anomalous about the Japan Festival. It has no central venue or event. The banner has already opened but, because it is sprouting all over the UK there will be few who cannot share some of its experience, and its diversity - from archery and fireworks in London's Hyde Park to puppets in Belfast, northern Ireland; the Tokyo Symphony Orchestra in Swansea, west Wales; and kite flying in Glasgow, Scotland - ensures that the Festival cannot be of elitist centralism.

Antony Thorncroft

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JAPAN FESTIVAL

# Where to go, what to see

FT critics select the highlights of five months of dance, drama, music, kabuki, bunraku — and more

## The big event

THE costliest, most popular event in the Japan Festival is undoubtedly *Visions of Japan* at the Victoria & Albert Museum from September 17. It has cost the most to mount — around £4m, contributed by hundreds of Japanese companies, much of it through goods in kind. It celebrates the V&A's re-emergence as a venue for major exhibitions and involved the creation of a new display area out of unexploited storage space. It is also the most ambitious in its horizons — visions of Japan, past, present and future.

The guiding supranote is the architect Arata Isozaki (who is responsible for the Olympic Stadium in Barcelona) who took the concept of the game, an important idea in Japanese culture, as his theme. The first room, the past, is quiet and subdued, its open spaces interrupted by a replica of a 17th tea house and a hearth which bridges the gap between the ancient burial art and the modern auto.

The second room confronts the visitor with the full garishness of down-town Tokyo — karaoke parlour,

Tale of Genji. Can you get more epic than the game of *kumiko*, using a lacquer incense box from which the players would mix different fragrances to illustrate a poem or story? The exhibition comes from the Tokyo Fuji Art Museum, one of the country's private collections. Nihonga, Traditional Japanese Painting 1900-1940, at the British Museum (December 18 to March 1), promises to be highly controversial. In the early part of this century, many Japanese artists went to Paris and became, after a fashion, Impressionists — if they managed not to develop TB. If they stayed at home, they trained in the revivalist tradition of Nihonga, which means "Japanese painting". The examples of Nihonga I saw in Tokyo were large and faintly repellent images of exquisite ladies in kimono playing grand pianos or vacillating each other. I am keenly looking forward to the second instalment.

Hokusai, at the Royal Academy of Arts (November 15 to February 9) is the first large-scale exhibition for 40 years of this prodigiously talented and, in his sketches, often comic artist. The Barbican Art Gallery's Japan and Britain: An Aesthetic Dialogue (October 17 to January 12) will illustrate the old story of "Japanisme" in Victorian and Edwardian Britain, with the work of artists such as Whistler, Beardsley, and Mackintosh, as well as looking at the unfamiliar other side of the exchange.

Patricia Morrison

## Contemporary art

A PROPER view of contemporary art from Japan appears conspicuous for its absence in this festival. In a way this is inevitable, perhaps desirable, for the question of how the contemporary painter or sculptor in Japan addresses himself to the currency of international modernism is so broad and unresolved as to be impossible of summary. In such a festival as this, that celebrates a great cultural tradition, the artist who wishes to be true to his own experience of the modern world and to his understanding of what modern art might be, without yet denying the culture by which his experience has

Liverpool Tate on October 16 and transfers to the Whitechapel Gallery, London, on December 13.

William Packer

## Visual drama

KABUKI AND bunraku, here is the chondani sample two forms of Japanese popular theatre which date back to the late 16th and 17th centuries. Bunraku is theatre with 4ft high puppets which take 30 years to learn to manipulate to degree level. Three puppeteers work to operate each puppet. Dialogue is in Japanese, with Japanese audiences are said to be moved to tears frequently by the pathos of it all.

Kabuki is rather fun. It is a sort of pantomime, with fabulous costumes, female impersonators who play all the female roles, and spectacular stage-effects for battles, spooky graveyards, etc. It can also include scenes of dreadful horror and sentimentality. However, British audiences are getting a boiled-down version of Grand Kabuki, performed by the Shochiku Theatre Company. In Japan, performances last around five hours which is a pretty alarming prospect for a first-timer. So sampling kabuki and bunraku here is the soft option, with performances which are only two hours long.

Kabuki dialogue is also in Japanese, but of such an archaic nature that I am told native audiences do not understand it either. Here, simultaneous English commentary will be provided through headphones, which works well at the Tokyo theatre. Do I recommend Kabuki? Yes, if only as a once-off experience which brings to life the actor-portraits and scenes beloved of the Ukiyoe print-makers.

Patricia Morrison

## Music/Classical

THE TRULY excellent Saito Kinen Orchestra playing Brahms symphonies under Seiji Ozawa to open the Festival at the Royal Festival Hall (September 18) may well confirm the thoroughness and technical standards of training in a country that boasts a phenomenal rate of musical consumption, but it is unlikely to reveal a great deal about Japanese musical culture. Music in the Japan Festival seems to have been conceived with its sights fixed firmly on what can be packaged for easy consumption by mainstream British audiences, rather than on providing genuine insights into a whole range of music that remains scarcely known in the West.

Though both Saito Kinen and the Tokyo Symphony Orchestra, which tours throughout the country during October with its director Kazuyoshi Akiyama, include token Japanese works, they are all by composers who work within the Western tradition. Even when they integrate classical Japanese instruments like the *sho* with a symphony orchestra, as in Toshichika's commission for the Tokyo SO tour, the result is usually an uneasy compromise, a cultural clash of meaningless consequence.

Yet Toru Takemitsu is a composer of genuine international stature, and the "Takemitsu Signature", the Barbican's weekend celebration (October 10-13) under the larger Japan umbrella offers some attractive looking programmes, placing his music in the context of those Western composers who have influenced him most profoundly. Those concerts, and Capricorn's brave little survey of less familiar figures in the Purcell Room (September 30) promise to be the most rewarding events; but where is the survey of folk music, the kabuki and the gagaku?

Andrew Clements

## Music/Jazz, Pop

GIVEN Japan's prodigious consumption of Western contemporary music, it is unusual to see the tide reversed, albeit briefly. Fair enough, there are few Japanese jazz or rock musicians who have made an impression internationally. Techno-composer Ryuichi Sakamoto certainly has, with film scores (*Merry Christmas Mr Lawrence*, *The Last Emperor*) and in "rock" (first with the Yellow Magic Orchestra, then Japan with David Sylvian). He has been commissioned by the Barcelona Olympic committee to compose a theme for the



director Yukio Ninagawa, whose *Macbeth* and *Medea* made such an impact in the past on London, has had mixed success with a brave piece of cross-cultural collaboration.

Peter Barnes' adaptation of Kunio Shimizu's play, *Tango at the End of Winter*, is magnificently set by Setsu Asakura in a dilapidated cinema, and has an English cast, which is headed by Alan Rickman and Suzanne Bertish.

A tight programme of work at London's Mermaid Theatre shows how the Japanese have taken Shakespeare to heart, with a Kabuki-style *Hamlet*; a modern, musical *King Lear*; and a *Faust*, in which the fat knight is appropriated to the dynamic Kyogen tradition of comic theatre.

The prolific Chikuzen Theatre Company appears in *Orin* — a classic of its repertoire, created by director Koichi Kimura and the novelist/playwright Minakami, and starring the film actress Ineko Arima.

For traditionalists, there is National Bunraku Company, which is taking puppetry to London, Belfast and Nottingham, and the Shochiku Kabuki Company, making its British premiere at the National's Lyttelton theatre in a series of grand kabuki spectacles.

For those who like their points of reference a little more clearly plotted, the festival also boasts the kabuki version of *Jesus Christ Superstar*, which has been 18 years in the Shiki company repertoire. Apparently, the production boasts a success second only to that of *Cats*.

Claire Armitstead

## Dance

THE DANCE elements in the Festival range from the grandest traditions of Japanese theatre to the most modern, unknown and unguessable aspects of contemporary dance. Dominating the festival offerings is the presence of the Umiwaka Kennokai Noh Company at the Queen Elizabeth Hall in London (September 19 and 22 and thereafter in Manchester, Stirling and Hexham).

A dynamic troupe, whose performances can be traced back to the 15th century, the company was last seen in Britain in 1987. For anyone unaware of the beauty of Noh theatre, it needs but to be said that it is an art whose effects are prodigiously concentrated, refined, and

Besides the marvellous *Kwasidan* by Kobayashi, which shows this weekend (Saturday at 3.30, Sunday at 8.10) — a ghost story to end ghost stories — other films of extraordinary visual assurance include Ito's *The Conspirator* (Wednesday 18), Watanabe's version of *The Loyal 47 Ronin* (Sunday 15), Yoshimura's *Bamboo Doll* at Echizen (Saturday 21) and Takaka's *A Blighted Love at the Lake* (Thursday 26).

Meanwhile, over at the Barbican, an even more ambitious season aims to present 50 films from 50 different directors dating during the half century 1931-1991. The celebration begins with a screening of Kurosawa's *Rhapsody in August* (Tuesday 17). The great names of Japanese cinema are all represented, as one would expect.

*Mizoguchi* (*The Story of the Last Chrysanthemum*, September 21), Kinugasa (*Gale of Hell*, September 29), Ozu (*Equinox Flower*, September 29). But the season is just as much an opportunity to explore the work of directors rather less known in the West yet in the overall perspective, equally lofty and poetic. Directors who should especially be looked out for are Toyoda (September 22), Uchida (September 26), Tassaka (September 28), Naruse (September 29), Yoshimura (October 4), Kawashima (October 5) and Imamura (October 17).

Mark Le Fanu

## Theatre

"IT'S ALL very fine, but is it dance or is it theatre?" So runs the Western debate over the great Japanese traditions of Noh and Kabuki.

To the Japanese, the distinctions do not exist — "geino", the word for theatre, in fact means "artistic skill", and it covers an awe-inspiring range of skills, from the flamboyant urban theatre of Kabuki to the puppetry of Bunraku and the masked dance-dramas of Noh.

But no theatre is an island, and the Japan Festival programme offers a taster of a tradition that has held on to its values, while involving itself in a vigorous process of give and take with other traditions from various other corners of the world. On the giving side, the

each tournament. Win more than you lose and you go up the next time around and vice versa.

A yokozuna (grand champion) can never be demoted, only retire, while an ozeki (the next rung) only goes down after two consecutive losing tournaments. Everybody else rises and falls automatically. On each day, the stars light last.

The Albert Hall affair is described as the first official sumo tournament outside Japan, previous excursions, to Paris and New York, being merely exhibitions. However, performances next month will not affect the domestic rankings.

Barring injuries in the present tournament in Tokyo, the London favourites ought to be the two yokozuna, the crafty Asahifuji and the fire hydrant Hokutsumi, and the two ozeki, one of them the 530 lb Hawaiian, Konishiki.

However, something of a generational change in

is ritualistic but wrestlers sometimes use what leeches called "the psychology of the individual" to gain a mental upper hand.

This process ought not to last for more than four minutes. The referee indicates when it should end by a discreet movement of his fan. What happens next is anything but discreet.

Jurek Martin


## Garden design

THE Japan Festival has left a lasting memorial in at least one corner of London. In 1902, a Japanese garden, long since obliterated, was built in part of the grounds of the then Lord Holland's park. This summer, a new Japanese garden has just been finished on a sloping acre of the same Holland Park in W11. Despite the hot weather, gardeners from Japan and England have coped valiantly with the job of laying out a large waterfall, complete with heavy boulders and stepping stones, and an elegantly curving pond with a traditional beach of pebbles on one bank. It badly needs rain, but 210 tonnes of Scottish rock have fallen naturally into position and the pool below the cascade has assumed the classic "cloud" shape of Japanese tradition.

The design is convincing, restful and a great improvement on the previous overgrowth on the slope. Most of the existing trees were fitted cleverly into the scheme, including an impressive Tulip Tree. The city of Kyoto and its Chamber of Commerce and Industry have contributed £500,000 to the outcome. It is now up to the Borough of Kensington to see that the turf survives and the scheme stays in shape, helped by a rolling grant from Associated Newspapers.

Traditional stone lanterns and Japanese water works fit rather well into the peculiar jungle of Holland Park and the idea deserves a warm welcome. The obvious theme was a range of Japanese plants, but it all ought to have been more exciting. Purple-leaved berberis, honeysuckle and Portuguese Laurel have crept in among the usual rhododendrons and conifers. The big trees of evergreen Magnolia may survive the dry autumn, but there is much more to Japan's flora and its great contribution to English gardening than this limited range of shrubs. Despite some welcome abelias and lespedezas, in 1902, lilacs are said to have blossomed in turf beside a chain of lakes about 600 yards long. The design of the 1990s successor is stylish but, as so often, the cheapest part of any budget, the plants themselves, have suffered from a lack of imagination.

Robin Lane Fox



The Japanese Language Kabuki Style Production of

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Antony Thornicroft

## Visual arts

KAMAKURA: The Renaissance of Japanese Sculpture (1185-1333), at the British Museum from Sept 18 to Nov 24, will be something strange and, I suspect, quite wonderful. This is temple art, and yet it does not require any prior knowledge of the Buddhist pantheon to respond to these powerful sculptures. The deities can be serenely beautiful or exceedingly enraged. Kamakura period sculptors also made images full of humanity and empathy. In many cases the sculptures are life-size or larger, and exceptionally fragile because they were made out of thin wooden sections, gilded and lacquered.

Japanese art and history effectively overlap, there is nothing much earlier to be seen in the Festival apart from some of the objects in Behind Golden Screens, at the Royal Museum of Scotland in Edinburgh (until October 20). This is not a show which will travel unfortunately, since the exquisite refinement of these screens and lacquerware, armour and paintings, satisfies everyone's idea of classic Japanese art. Here are the chrysanthemums and gold leaf, the animated scenes from the never-ending



been determined, must stand aside.

It is better to take the Japanese artist as and when he comes, taking the work for what it is rather for what trend or influence it might represent. Happily the private, extra-festival sector offers just that opportunity with the work of Katsura Funakoshi on show at Annelly-Juda (23 Dering Street, London W1) from September 18 until October 12. His carved, painted wooden sculptures are clearly portraits, yet they have the ambiguous simplicity and detachment of true monuments, as from a Roman or Egyptian tomb.

If it must be a group show, best keep it small. "Your Bag of Tricks" holds the work of eight artists staged in the post-modernist culture of the Japanese city. It opens in the

## BIG FIFTY

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beginning at the Barbican Centre next week and running at weekends throughout October, complement each other nicely, as well as offering an interesting point of comparison to the various exhibitions of Japanese paintings and prints that will be on show in London during the coming months.

At the NFT, the selection of 25 or so films concentrates on the period between 1955 and 1970 when the wide screen CinemaScope was especially used by the major directors.



# Rembrandt reassessed

**T**HE REMBRANDT exhibition that has just opened in Berlin is likely to prove as important an exhibition as any we shall see on this side of the millennium. But what is there more to say of Rembrandt? The attempt itself is all but an impertinence. But the last great Rembrandt exhibition in Amsterdam in 1989 proposed the need for a thorough reappraisal and catalogue raisonné. Ever since the controversial Rembrandt Research Project has slowly, implacably tied down, and had accepted overtly with the very latest scientific and chemical processes.

There is no doubt that in the past Rembrandt was an attribution too lightly given, but now reliance upon purely scientific criteria, unaided by judgement, will be overcompensation. With the Project now at the mid 1940s and Rembrandt more or less in mid-career, the time is right to take stock, to examine the findings so far, and to establish undoubted common ground to the examination continues to the later work.

The three participating museums, the Gemäldegalerie in Berlin, the Rijksmuseum in Amsterdam and the National Gallery in London have between them the principal holdings of Rembrandt's work. Each has committed six undisputed paintings which together cover every aspect of the work and every period in the career. This soundest of cores has been augmented by loans from private and public collections to make a group in all of some 50 undisputed works. Then come a further 30 or so, with works securely attributed to pupils or associates hung for direct comparison with works newly assigned to them or still in question.

This is an important but dangerous business. By colour and handling, it is hard to see how the Jan Lievens "Feast of

Esther" could ever be confused with Rembrandt, or the Nicolas Maes "Saint Thomas", where the drawing is so much weaker. On the other hand, our National Gallery's own "Anna and the blind Tobit" has now been given to Gerrit Dou which, by the evidence alongside, seems hard to take. The mood and feeling, the richness of the handling, are all so different, so warm and tender in the one, so cold and distant in the other, for all the similarities of subject and composition. And, in the latter, how hard to lay a finger on, but no less real for that. And there is the lovely "Young Woman" at an open half-door, of the 1640s, from Chicago, now given to Samuel van Hoogstraten, which is a masterpiece. And, if Rembrandt as to be truly still in question, the prints and drawings, 40 odd of each, are all unquestioned, so too the few drawings by his pupils.

The difficulty is that of the greatest painters, Rembrandt is one of a kind. He is a unique idiosyncratic. Born with Titan and Veronese not so long dead and into the century of Rubens, Poussin and Velazquez, he seems to stand aside from the great historical sweep of the post-renaissance tradition. A child of his age, trained in the school of the school, as rich and consistently productive as any, himself a teacher with his pupils in his working studio, he was yet never fully assimilated with his contemporaries and left no obvious and lasting legacy of influence.

He now speaks to us so directly and with such poignancy, might it not be that his was at heart something closer to our own sensibility. History painter, child of the baroque, he was nonetheless out of his time, first of the moderns and the romantics in his self-centredness and self-examination in his experience of the world. Is it then fanciful to see in him, in the sequence of

self-portraits that punctuate this exhibition, the first in a line that will take us through the Delacroix to Courbet and Degas, Van Gogh and Picasso?

Rembrandt was a difficult man, perverse and self-destructive in his relations with his patrons, harder still perhaps on his women, who sat at the very centre of his art, his life. Yet his women were so human, so tender and humane understanding in all his depictions of them, young and old, is the clearest evidence. It might be Saskia as the bride, in her prime; or the flaccid, assured study of a girl lying in bed; or a woman leaning over the fountain or 'Bathsheba before the Mirror', which is one of the great paintings of the nude, at once idealised and intimate; the exquisite portrait of a young lady, Agatha Bar, from the 'Agatha Bar Collection'; or the ageing Aeltje, wife of Cornelis Anso in the magnificent double portrait from Berlin; or again Saskia drawn in her youth, hand to cheek beneath her broad straw hat, the face every case, images that touch the heart. Dear Rembrandt, the

**T**HE FAMOUS Venetian lion reading a book is back, after long cleaning, on its stone column by the Doge's Palace. To many festivalgoers this is symbolic. It means that Peter Greenaway's *Prospero's Books* will win the Leone d'Oro for best film, to be announced this weekend.

But will it? In a dream I saw the Golden Lion chasing the Chinese film *Raise The Red Lantern*, directed by Zhang Yimou of *Ju Dou*. I dreamed that the lion caught it and tore into it, whereupon beast and victim both assumed an expression of awesome bliss just like that on the faces of the film's Venice audience.

In this dazzling dynastic

most humane, the most immediate, the most vulnerable of painters, who could make the epic personal, and the mundane glorious.

This magnificent exhibition, sponsored throughout by American Express, remains at the Altes Museum, in which it was so lately East Berlin, until November 10 and then moves on to the Rijksmuseum, to open in early December. The paintings and prints alone come to the National Gallery in March, when the British Museum is to furnish a distinct exhibition of drawings from its own collections. Throughout there will be changes, with works committed here but not there. There is nothing for it but to see them all.

Yale University Press this week publishes (in separate editions in six languages) 'Rembrandt: The Master and His Workshop' in two volumes to accompany the exhibition. Volume I: 'Paintings', (edited by Christopher Brown, Jan Kelch and Pieter van Thiel), 396 pages, £35 (£19.95 paper); Volume II: 'Drawings and Etchings', 288 pages, £30 (£16.95). (The boxed set is \$601/\$29.95).



**'Belshazzar's Feast', circa 1625: a bona fide Rembrandt lent by The National Gallery, London.**

# Vintage year in Venice

drama a young girl (Gong Li) elects to become "Fourth Mistress" to a tyrannical old lord in 1920s China. Trapped with her for two hours, alas several years, in the maze-like palace, we act out a drama of inter-concubine jealousy, false pregnancies, punishment by hanging (the Third Mistress is caught with a lover) and terror at the closing walls of an inescapable destiny.

You could view the film - you could hardly not do - as an allegory about Communist China. The "rules of the family" invoked by the lord, which range from barbarous punishments to potty rituals like the

New York; and Nikita Mikhailov's *Urga*, hymning the endangered primitivism of Mongolia in a tale about a Soviet truck driver adrift in the post-Genghis grasslands.

All this and the retrospective too. How many of you spotted my deliberate mistake in the last Venice dispatch? I said it was a season devoted to Hays Code Hollywood. It is of course devoted to pre-Hays Code Hollywood (1929-33); or at least to pre-stick-enforcement H.C.H. A free platinum statuette of Jean Harlow to Mrs. G. Making of Bexhill, who spotted the inexactitude and threatened to write to my editor.

The retrospective continued to unveil the past and shine a light on the present. The wonder of early Western sound cinema – we realised this as we watched these precise sound effects – was what was willed into wit by the likes of Tracy, Grant and Hepburn – was its sense of identity. The danger of modern Western cinema is that identity is yielding to identikit.

Movies like *Raise The Red Lantern* cling bravely to their native language and history. But Venice also spotlighted the rise of the multi-country co-production, with its tendency to compel all participants to speak scarcely recognisable English. Herzog's mountain epic, with its Italian-Canadian-French-American cast headed

by Donald Sutherland and Vittorio Mezzogiorno had audiences giggling at the off-kilter dialogue even while goggling at the daredevil scenes on Torre Cerro. Skolimowski's Anglo-Polish comedy was a riot of atrocious dubbing. And an English-spoken version of Italy's *L'amore Necessario*, a sort of updated *Dangerous Liaisons* set in a spa hotel, gave us Ben Kingsley confidently speaking his own lines while everyone else (foreign) mangled the Queen's language like nobody's biz.

The most high-profile offender as we approach Federation Week is the *Verdi* opera *Macbeth*, which the young Szabo's keenly awaited *Iskron Zveno*, produced by David Puttnam. This opens in Britain next week, so let us not belabour it. But after a lively performance in London, it is going on a Paris opera production which becomes ever more Eubelike. Glenn Close is the soprano, Niels Arnestrup is the German conductor who is in love with her, and she is supported by a cast of singers with French, Swedish, Portuguese, Hungarian parents, all pitching into the mad sonic potlatch. (Also, on a opera-practice note, whatever is Miss Close doing with her hand around the microphone on the *Verdi* recording? Any singer who solicited head-stands like this would have been sent off the international reg-

Never mind. One folly does not make a fiasco. Venice's distinction as a festival continues to be its Italian sense of history. New films are not seen, as in Cannes, merely as products off the conveyor belt of modern culture. They are seen *sub specie aeternitatis*, or at least *sub specie saeculi*. This year's Hollywood retrospective jostled with brilliant Italian documentaries like *The 600 Days Of Salò*, stitching rare archive footage into a portrait of Mussolini, politician, legend

and founder of the Venice Film Festival. And even modern Italian films like Marco Risi's *The Wolf of Silence*, dark drama telling the 1980 scandal of a missile-downed passenger DC8, honour Italian cinema's neo-realist tradition of fiction as transfigured history.

It will be a tragedy if Venice, as threatened, is bumped from its September slot by restless Cannes and driven into calendar exile. I doubt that it would survive an exilic year. But the funding allied to February would kill off an event already favoured more by connoisseurs than clamorous journalists. Let us hope it's still here this time next year.

My *Golconda* is already booked.


**Nigel Andrews**

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# DAS RHEINGOLD


*New Production*

*Sung in German with  
English surtitles*



CONDUCTOR: BERNARD HAITINK / EDWARD DOWNES (21 SEPT)  
CAST INCLUDES: HELGA DEHNUSCH, JAMES MORRIS /  
JOHN TOMLINSON (21 SEPT), ERIK-FRANK WLASCHURA  
September 16, 21; October 5, 10 at 8.00pm TICKETS AVAILABLE

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24 September - 5 October


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and warped  
archetypes'  
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[illegible]

# BIRMINGHAM

There's a new and remarkable enthusiasm for the Arts in this City - DAVID PUTNAM

Home of the Seventh International Film and Television Festival, 20th September - 5th October. Film and TV seminars, retrospectives and exclusive previews. The most exciting visual feast in Britain this year. Ritwik Ghatak Tradition. Black Intervention in TV, Television and Sport Conference, Bertrand Tavernier in Conversation, and The Commitments. Birmingham. Home of a new quality of life.

For more information on Birmingham and on events in the City, write to the Directorate of Public Affairs, Council House, Victoria Square, Birmingham B1 1BB. For details of the Film & Television Festival, call the Hotline 021-766 6707.

 **Birmingham City Council**



TELEVISION  
SATURDAY

## BBC1

8.40 Open University. 7.20 Phocitus. 7.50 Kipper. 8.45 The 5.15 from Manchester. 11.00 Film: Lancelotti of the Gouger.

## 12.12 Weather.

12.15 Grandstand introduced by Bob Wilson, including at 12.20 Football: Reviewing the week's international matches. 1.00 News. 1.05 Trifactor: The Portsmouth International. 1.55 Racing from Goodwood: The Meadow Mote. 2.05 Motor Cycling at Mallory Park. 2.25 Racing from Goodwood: The Highland Spring Road Nursery. 2.55 (H.Cap.) 2.55 Motor Cycling. 3.00 Racing: The Ladbrokes Racing Sprint Stakes (H.Cap.) from Goodwood, and 3.15 EBF Champion Stakes from Leopardstown. 3.20 Gymnastics from Indianapolis, USA. 3.50 Football. 4.00 Gymnastics. 4.40 Final Score. Times may vary.

## 5.00 News.

5.10 Regional News.

## 5.15 Only Fools and Horses.

5.45 Challenge America. New series. Anna returns with a challenge to establish the USPCA dog shelter in County Antrim, Northern Ireland.

## 6.25 Bruce Forsyth's Generation Game. New series.

7.30 Birds of a Feather.

## 8.00 The House of Eliot. Evie's world is shattered by the discovery that she has a 24-year-old half-sister, Sebastian. She decides to keep the secret to herself but Mrs Pearce, Sebastian's mother, turns up on the doorstep for her share of Dr Eliot's will.

## 8.45 The Night of the Proms. Part two. The Royal Albert Hall is packed for the grand finale of the 1991 Proms, including the March from Things to Come by Bliss, the Polish Dance of Borodin, Elgar's Pomp and Circumstance March No. 1, Wood's Fantasia on British Sea-Songs, Arne's Rule Britannia and Parry's Jerusalem. Simultaneous broadcast with Radio 3.

## 10.30 News and Sport. Weather.

10.50 Film: The Night Strangler. Sequel to The Night Strangler. McGavin taking out a living in Seattle. He isches on to a series of murders involving blood drainers by syringe, and discovers a secret underground city with a lone resident (1973).

## 12.00 Weather.

12.25 Close.

## BBC2

6.50 Open University.

## 2.45 Mahabharat. (English subtitles).

2.55 Holiday Outings. Emann Holmes spends a long weekend in Amsterdam.

## 3.35 Film: A Farewell to Arms. Italy, 1917, and Lt Frederic Henry, an American ambulance driver, meets and falls in love with the British nurse. Screen adaptation of Ernest Hemingway's romantic tragedy starring Rock Hudson and Jennifer Jones with Vittorio Gassman and Alberto Sordi (1957).

## 6.00 Japanese Language and People. New series. Bilingual Tokyo reporter Yuka Nukina introduces the language, culture and society of modern Japan.

## 6.30 Late Again. New series. Compilation of highlights, including Opera North's attempt to stage an opera with a group of prisoners from Wakefield in five days.

## 7.15 News and Sport. Weather.

7.30 Last Night of the Proms. The 97th season of Henry Wood Promenade Concerts comes to a rousing close. The concert, live from the Royal Albert Hall, opens in British style with Elgar, Vaughan Williams and Delius. Simultaneous broadcast with Radio 3, and continued at 8.55pm on BBC1.

## 8.35 The Pop Show. The Pop Art Show opened at the Royal Academy in London recently and is the biggest ever exhibition of the kind. Pop Art immortalised the spirit of the early 60s, it was an art movement that took the mass media and the cult of the celebrity as its theme, and its key figures became instant celebrities in their own right. Included is a screening of Ken Russell's Minotaur documentary from 1962. Pop Goes The East.

## 10.35 Film: What's New, Pussy Cat? A disturbed fashion editor goes to a psychiatrist for help with his manic depressive problems. Starring Woody Allen, Peter Sellers and Peter O'Toole with Ursula Andress, Capucine and Romy Schneider (1965).

## 12.00 Film: Dances. Premiere of this supernatural fantasy based on the novel by Tachi Yamada and shown as part of the Made in Japan season (1987).

## 2.10 Close.

## LWT

6.50 TV-am. 8.25 Motormax. 11.30 The TV Chart Show. 12.30 pm Superman.

## 1.00 ITN News. Weather.

1.05 LWT News. Weather.

1.10 Saint and Gravelle. Ian and Jimmy preview the European and UEFA Cup and profile Manchester United as they begin their defence of the Cup-Winners' Cup.

1.55 50th Year. A look back at the 50th world cup circuit where sailors gather to test their skills.

3.00 Film: Opening Night. A young actress' resemblance to a fellow actor sparks off a trail of intrigue and murder. Based on the novel by Agatha Christie and starring George Baker and Noel Trevarthen (TV 1978).

4.45 Results Service.

5.00 ITN News. Weather.

5.05 LWT News. Weather.

5.15 10 Skript. Pat Sharp has his hair cut, Lenny Henry talks about his new film, True Identity, and Bobby Davro does 10 impressions in one minute.

5.30 Beyond. An ex-diplomat and his son bring a lot of trouble to the beaches of Los Angeles. Starring David Hasselhoff.

6.25 Film: Moonraker. Agent 007 (Roger Moore) is called upon to investigate the disappearance of a US British space shuttle. With the film's Richard Kiel and Michael Lonsdale (1979).

6.45 ITN News. Weather.

10.00 LWT News. Weather.

10.05 The Dame Edna Experience. Another helping of Antipodean entertainment with the mega-star from Moore Ponds and her guests, Liz Minnelli, Magnus Magnusson and Vivienne Westwood.

10.55 Film: The Little Drummer Girl. An American actress in Britain is persuaded by Israeli agents to lose her Arab sympathies and spy for them. Starring Diane Keaton with David Suchet and Yorgo Voyagis (1984). ITN News Headlines.

1.15 Shogun. Followed by Get Stuffed.

1.50 WCW Pro Wrestling. Followed by Get Stuffed.

2.35 Coach starring Bill Fagerbakke followed by ITN News Headlines.

3.25 Baseball 1991.

4.30 The Hit Man and Her

## CHANNEL4

6.50 Early Morning. 8.30 Close by Class. 10.00 Check Out. 11.30 The Wagon Train. 11.30 Australian Rules Football. 12.30 pm Killa. 12.30 pm American Football - Red 42.

## 1.00 Film: The Macomber Affair. A married couple go on safari with a rugged hunter. Starring Gregory Peck, Joan Bennett and Robert Preston (1947).

## 2.40 Quinceañera. Cuban cartoons by Luis Rodon.

2.45 Channel 4 Racing including from Leopardstown 3.15 Irish Champion Stakes, and from Doncaster 3.40 Coaltail St. Leger Stakes. 4.15 Coaltail Handicap. 4.45 Reference Point. Scoop Stakes.

5.10 Brookside.

The Big 8. LGS Jets v Oldham Owls. Further coverage of the wheelchair basketball tournament from Sheffield's Pond's Forge.

7.00 The World This Week. A special report from the Punjab, where Sikh guerrilla groups are continuing their 10-year old struggle for independence. Including the first-ever television interview with members of the main guerrilla group, the Khalistan Commando Force.

8.00 A Night in Japan: Konan - W. David Jaseel presents an introductory programme which gives a flavour of a week's television viewing on Japanese television.

8.00 Nerdin - The Dating Game.

8.30 Land of the Living Lurch. David Seale takes a look at the new perspective eye of Japanese documentary film making.

10.00 The Network News. The distinct style of news reporting in Japan with much more interest in home stories and less on foreign news.

10.15 Naruhodo - The World Nicholas Parsons and Yoshiko Kobata host the English version of Fuji TV's top-rated late evening news.

11.00 As It Happens. Pete McCarthy finds out what's happening on the streets of Tokyo.

12.00 I Walked. Street level look at how the "new" Japanese are learning to "have a good time".

12.45 Commercial Breaks.

1.00 Sam's Sensei.

2.30 Dance, Dance, Dance.

3.00 And a Baby Was Born.

4.00 Mystery Tales.

4.30 Tokyo Love Story.

5.00 Taiheiki - Samurai Drama.

## REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

ANGLIA: 12.30 Pony Club Challenge. 1.05 Anglia News. 1.55 The A-Team. 2.50 The Vengeance of Sh. 5.05 Anglia News and Sport. 5.15 Cartoon Time. 5.20 News.

12.30 Marmite. 1.05 Border News. 1.55 The Six. 2.50 The Great British Train Robbery. 5.05 Border News. 5.15 Cartoon Time. 5.20 News.

CENTRAL: 12.30 The Champions. 1.05 Central News. 1.55 The Spectacular World of Guinness Records. 2.50 The Tempest. (1958) 5.05 Central News. 5.15 Saturday Sports Special.

CUMBRIA: 12.30 Blockbusters. 1.05 Daily News. 1.55 Pony Club Mounted Games. 2.55 The Life and Times of Grizzly Adams. 3.50 McDonald. New Zealand Connection. 5.05 Central News. 5.15 Bartye the Rat. 5.15 Puffin's Playtime. 5.20 Cartoon.

DERBYSHIRE: 12.30 Beatha'n Fheasich. 1.05 Grampian Headlines. 1.55 Fionnan Foir. 2.55 Adventure. Maui News. 3.55 Carry On Up the Jungle. 5.05 Grampian Headlines. 5.15 Grampian. 5.15 Put it in Writing.

GLAMORGAN: 12.30 Superman. 1.05 Granada News. 1.55 Red Nine. 2.55 The First of the Few. (1942) 4.35 Cartoon. 5.05 Granada News. 5.10 Granada Sport. 5.15 Carling Time. 5.20 News.

GRANADA: 12.30 Praise Your Luck. 1.05 HTV News. 1.55 The Life and Times of Grizzly Adams. 2.50 The Second Time Around. 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I IMAGINE that industrialists wishing to indulge in a spasm of envy or gloating scan the share prices in the *Financial Times*.

There is an equivalent therapy for writers and one in which I indulge: this is the book best-seller list published weekly in, among others, the *Sunday Times*. In aggregate, it might be described as the literary equivalent of the All-Share. Then it sub-divides into hardback (industrial miscellaneous), paperback (chemicals, plastics), non-fiction (engineering) and fiction (danks, HF and leasing).

The market the lists describe is not as perfect as the stock market. No absolute figures for sales are

## You can't judge a person by the cover

One in 12 Britons owns Stephen Hawking's book. But how many have read it? asks Dominic Lawson

given, only an order of popularity. And it is not clear whether the list is drawn up on the basis of actual sales to readers or merely of the volume taken by distributors - who from time to time take large quantities of books which subsequently flop, rather like jobbers caught with too much stock. Only because of the farcical Net Book Agreement the distributors cannot cut the price to match supply with demand.

I have been studying the lists for some years, occasionally fantasising that a book by Dominic Lawson

reaches the top of the paperback fiction list and stays there for a meaningfully enriching length of time. But no fantasy can match the facts: that this weekend one book will have been in the best-seller list for three years, or 156 weeks, in the jargon of the hit parade announcer.

The book, *A Brief History of Time*, is an attempt by the profoundly disabled physicist, Stephen Hawking, to describe the way the universe works. It is startlingly simple, apparently, for a description of life, the universe and everything. But I

do not know anyone who has got to the end of the book. And yet, according to the *Daily Telegraph*, one in 12 people in Britain own it.

A few years ago in the US a magazine financed a trick on the publisher of a similarly obscure and fashionable book. The magazine ensured that every copy of the book in one big New York store had a card inserted about a third of the way through the trendy book. On the card was a message to the effect that if the hidden slip was handed in, the bookseller (paid by the mag-

azine) would hand over a prize of \$10. No-one got that far.

The point is that the desire to read a book is only one of the reasons why we buy it. The purchase must also reflect well on us. The less well a particular purchase reflects on us, the more genuine is our wish to buy the book in our hand. Conversely, to buy a book which tells the seller and your neighbours that you are the sort of man who wants to know, and is capable of knowing, how the world works - this is something so pleasurable that we would not feel cheated even if we discover that we cannot get past the preface.

Perhaps the *Financial Times* is itself a beneficiary of this effect. In Paris, apparently, the BCBGs very much like to carry a copy of the *FT* under their arm, even if their grasp of English is negligible. The thing is, it looks different and is a symbol of intelligent affluence.

The power of newspapers to transmit more information about the reader than they do to the reader is often underestimated. The

success of the *Independents* is undoubtedly based partly on the inoffensive apparent impartiality of its title. Englishmen do not like making political statements about themselves in the Underground any more than they like physical contact with their fellow passengers. So the *Independents* is ideal camouflage. Display the *Guardian* and you get funny looks from the City gent. Display the *Telegraph* and those getting on at Blington glare at you contemptuously.

One of these days I plan to take the dust-jacket of *A Brief History of Time* into a crowded Tube train. Inside the jacket I shall place a book I actually want to read. I see this as publishing's answer to designer-clothing.

■ Dominic Lawson is editor of the *Spectator*.

BOOKS ARE special somehow: not only for what they contain but for what they say about their owners.

The books you read reveal the sort of person you are. The ones you leave casually on the coffee table proclaim the person you would like to be. Do you have a library? Then you are a scholar and a gentleman. But if you buy your library by the yard, like Mr Blass, then you are the worst kind of peasant.

Books stand for education, which in Britain means they also stand for class and class mobility. (A quick test: Did you read Beatrix Potter as a child? Do your children?) That, I suspect, is why there is such a fuss about the dynamic Mr Terry Maher (it is pronounced "mar") is a working class, Irish Catholic, Mancunian accountant who started in garden sheds, religious books and tableware and is now the largest book retailer in Britain after W.H. Smith.

Pentos, the off-the-shelf conglomerate he formed 20 years ago, owns Dillons, Hatchards, Economist's Bookshop, Claude Gill, Athena and Ryman, the stationer. Last week, after good interim results, Maher announced his latest attempt to kill 100 years of resale price maintenance in the British book trade - "an organised conspiracy against the public interest" - by cutting prices in a pre-Christmas promotion of new titles.

Heckled at the last Booker Prize dinner, criticised for his aggressive business style, Maher has been seen as a threat to quality and choice. Like the wicked supermarket tycoon of the 1960s, he will drive the little shopkeeper out of business. He has even been accused of never reading a book in his life.

Maher claims the opposition is fading. But it still has a champion in W.H. Smith, a chain not exactly renowned for its devotion to literature. Smith's chairman is Sir Simon Hornby, who has a rather different background to Maher: Eton, the Guards, Oxford and Harvard Business School.

Hornby says books are not baked beans. The phrase, implying that Maher is really a sort of grocer, encapsulates the spirit of this controversy. I asked Maher if he agreed.

"Well, yes, of course. But it doesn't take you very much further on to say that." It was ironic, he added, that Smith's should try to use the quality argument against Dillons.

Why do you think they take this line?

"They are acting from self interest, like us. We are a threat to them. They're afraid of losing market share. I don't blame them for that. I do blame them for dressing it up in a different kind of clothing."

Will your way of doing business result in bad books driving out good?

"It's the opposite, the very opposite. You could not have put it more badly." Maher laughed a mirthless laugh. "If hard-back fiction has a future it will be because of the success of Dillons."

Maher has the reputation of being tough and prickly. I found him very courteous, but his friendly manner seemed effortful. At the start of our encounter his right eye blinked rapidly and he swallowed a lot. Maher said later he was shy, and I believe him. Also, he suspected (with some justification) that I had come to cast him in the role of unlettered working-class boy versus the toffs, and he didn't like it very much.

Was there a class issue behind the economic dispute about book pricing and marketing?

"The fact is that the book market in this country has been a narrow, elitist market and it has to be made more fairly for the masses. Maher replied, "People in the book trade are fairly inbred."



Colin Beers

## Bookman with his jacket off

Are you resentful, perhaps, because you are an accountant and you think about bottom lines and efficiency and ungainly things like distribution?

"Resented by who? Publishers are not opposed. I don't see any division between ourselves and publishers. The division is between ourselves and Smith's."

You are an outsider in this business.

"When are you an insider? I've been in the book trade for 20 years."

Don't you see yourself as a new broom?

"The book trade in the UK was, and to a large extent still is, fragmented. Publishers were notoriously inefficient and still are. I believed the professional marketing of books was a major business opportunity."

It was a commercial opportunity which your training as an accountant made obvious to you?

"I don't think of myself as an accountant. Certainly I'm numerate but I don't recommend training as an accountant as a way to success in business. I don't think I'm a natural accountant."

What are you, naturally?

"Well, that's the difficult next question. I'm more concerned with markets. It seems to me I have had a number of quite distinct phases in my life and if you had asked me at different times I would have given you a different answer."

Maher seemed anxious to move on and deal with the unspoken charges against him of philistinism. Paradoxically, he became much warmer, even relaxed.

"I wasn't brought up in a home where books were part of everyday life. Indeed, when I was reading books it was thought of as being a

fairly unnatural kind of activity. And my reading has gradually developed. It's not exactly that I was late to books - how late is late? - because I was reading books fairly widely in my early 20s."

He added that he also wrote political pamphlets and a newspaper column after joining the Liberal Party in outrage at Britain's war over Suez. Through politics (Maher stood twice for Parliament) he met his wife Barbara Crumpton, daughter of a Jewish psychiatrist who fled from Berlin. She writes on cookery.

I asked Maher what he reads now. The answer was Milan Kundera, Mario Vargas Llosa, Granta short

stories, Anthony Burgess (who went to the same grammar school in Manchester, Xaverian College), and anything by William Boyd.

"Last night I finished Truman Capote's *Breakfast at Tiffany's* which I found in my library, a 2s 6d Penguin. Of course there are enormous gaps in my reading. But I am reasonably widely read."

Somewhat ashamed by now, I asked him his taste in music. Both he and his wife grew up on modern jazz and he still goes to the Blue Note when he is in New York. But most of his listening today is classical: he put Mozart's symphonies and piano concertos at the head of the list. He is a friend of one of the Amadeus Quartet and he frequents Glyndebourne.

That's elite, I said.

"It's an enormous pleasure. A great day out. Why is it elitist to

take advantage of what is available?"

Maher's working class roots, business dynamism and anti-establishment attitudes would seem to make him a perfect Thatcherite product. Why was he not a Tory?

"Oh, God! I need just to go into a room full of Conservatives and I'm not a Tory. It's as simple as that. It isn't as simple as that, but that's the instinctive thing."

I could have been persuaded if all Conservatives were like Chris Patten. But they're not. I'm an instinctive Liberal. Thatcher didn't have a monopoly on entrepreneurship."

But you enjoy the money now you've got it?

"Very much so. But I don't have a dramatically lavish lifestyle. I have certain luxuries. I spend far, far too much on good wine, but not enormous mansions or yachts or anything like that." He forgot to mention the Bentley Continental convertible.

You arrived late at the pleasures of life.

"Well, yes, but I wasn't aware that I wasn't enjoying the pleasure of life before." Maher laughed, with real amusement this time.

Earlier I had asked whether he felt there was in general a lot of class prejudice about.

He replied: "No. Look, I'm very much aware of class as being a fact of life in England. I don't believe for a second - I never even think in those terms - of being a victim of that English disease. Not at all. The very opposite. How could I possibly complain, given the opportunities that I have had?"

"You see, the reality is more boring for your column than this terrible person of humble origin and Philistine views in the book trade."

Not so, I thought later. No-one could call Maher boring.

### Christian Tyler asks Terry Maher, chairman of the Pentos chain, about class struggle in the book trade

## Finding solace in the samba

Christina Lamb on how Brazilians deal with hyper-inflation

BRAZILIANS have discovered a new party game. Known as "Alice in Brazil" it involves answering the following kinds of questions: "What costs more a hairbrush or a sofa?" or "Can you buy a cup and saucer for less than \$20?"

Guessing the price of a range of items may sound a mundane activity in a country famous for its carnival and hedonism. But, after two years of high inflation, such as last year's 1,800 per cent, most of the population have lost all sense of what things should cost. A TV vox pop found that the majority of people could not guess whether a fountain pen cost more than an oven.

"Stability of prices is a foreign concept for us," explains Daniel Dantas, an economist. "You cannot take \$100 for the weekly shopping and know that it is enough as prices change from one week or even one day to the next."

For a blissful two months this year Brazil had monthly inflation in single figures. Going shopping and finding prices almost unchanged was a strange sensation which made many Brazilians suspicious. With reason. By July the threshold into double figures had been crossed again. Last month the consumer price index rose more than 15 per cent - for September the inflation watchers are predicting 18 per cent and rising.

The most dangerous thing about chronic high inflation is learning to live with it, says Javier Gonzalez Fraga, a former head of Argentina's central bank. Returning to more stable economic climes after a year in topsy-turvy Brazil, I realised how quickly one loses all reference on prices.

The biggest culture shock in London was accustomed oneself to stable prices and resisting the temptation to stockpile against possible increases. My local newsagent was baffled at my daily inquiry into the price of my papers after I had bought the same ones every day for two weeks, looking sympathetic at my apparently poor memory. In Rio the prices change from one day to the next: in two months away my papers went up 100 per cent.

By Brazilian standards that was not excessive - my car parking, for example, rose 300 per cent. Just this week cigarettes went up twice - the first time a fairly respectable 5 per cent then, perhaps realising their mistake, a further 19 per cent three days later.

All this makes doing the weekly

shopping a rather challenging experience, not knowing from one week to the next what mysteries the aisles of produce will hold. Last weekend, for example, I discovered that 1/2 lb of butter now costs the same as a 1 lb of lump salt, while a pint of longlife milk costs more than a dozen eggs.

Shopkeepers take advantage of constantly soaring prices to add variations of their own, knowing there is no way that the hapless customer can keep up and secure in the knowledge that their competitors will be doing the same.

In June last year the government lowered import tariffs and stripped away non-tariff barriers in an effort to impose some control over Brazilian prices by forcing them to compete for the first time with cheaper foreign products. But a year of lower tariffs has made little difference to shelf prices.

Many shops fail to price items at all because of the constant updating necessary, preferring just to display typed lists. The Central Bank keeps issuing new higher denomination banknotes to cope with the

increases but between announcing them and issuing them their value drops rapidly. The new Cr10,000 bank note which has just come into circulation is now worth only £13.20 compared to £22.80 when it was announced on April 26.

So who loses from inflation? Certainly not the banks, which say they need 4 per cent a month to survive and 10 per cent to make a good profit. Businessmen may not be able to make plans or projections and have to employ large financial divisions employing some of the many former economy ministers and central bank chiefs in circulation as advisers, but they can use the cash from their core business to start really making money with speculation and interest rates of 26 per cent a month. The problem comes if they need cash or, in the case of multinationals, have to explain erratic performance to a bemused parent company.

Some businessmen become inflation junkies, using it to justify slapping an even higher increase on their products or services.

Inflation-watching has become a

business in Brazil with 13 different indices competing monthly. Economists vie in identifying different types of inflation - options currently on offer include corrective (resulting from correction of prices after Brazil's latest price freeze), current (caused by current monetary expansion); preventive or defensive (against expectation of further freezes); and psychological (caused by the continuing instability and dire predictions).

Every day the besieged Economy minister repeats in mantra-fashion "there will be no more shock plans". Few believe him.

After five economic packages and price freezes in the last six years Brazilians cannot be blamed for their scepticism. But while shoppers might complain they are not yet demanding to be let off the inflationary merry-go-round. Instead they find solace in the beach, sun, samba and local liquor. Besides, if price stability ever returned, they would have to learn to count in ones and twos again and many economists would be out of a job.



Michael Thompson-Noel is on leave.